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## POLITICAL AND SOCIOLOGICAL

### NAKASONE'S STRATEGY FOR CONSTITUTIONAL REVISION EXAMINED

Tokyo USHIO in Japanese May 83 pp 82-91

[Article by political commentator Yoshimichi Nambo: "Nakasone's Constitutional Revision Strategy Which Aims at the Restructuring Of the State"]

[Text] Practically Paranoid in His Conviction of the Need for Constitutional Revision

Statesman Yasuhiro Nakasone, who is running at full speed on a pro-military course under a peace-based constitution, is an extremely unusual and highly ridiculous politician today when only a little over 10 years remain in the 20th century. That is, that he is one of the unique, Don Quixote-type, strange and extremely dangerous politicians who are still active during the remaining years of the century.

In the whole wide world, there is hardly any politician comparable to this practically paranoid statesman, and if anyone should be considered, it would be President Reagan of the United States. That statesman, once a second-rate, overly dramatic actor in western movies, is ludicrous as a politician of the remaining years of the century, making statements such as "limited nuclear warfare is possible." The compatible combination of these two individuals may truthfully be the "partnership of destiny" that would not refrain from causing the destruction of the earth. To put it bluntly, they may be the directors of the absolute nothingness of mankind through the earth's annihilation by a nuclear war. Indeed, the unique combination of Ron and Yasu has been launched.

From the outset, politician Yasuhiro Nakasone was a rightwing patriot and a nationalist. His ideas at the time of the surrender, when he was a lieutenant commander (Potsdam lieutenant commander) and paymaster in the former Japanese Imperial Navy, and his thoughts today as the prime minister substantively have hardly changed. The outward factors are separate. That is, although he was a member of the former Imperial Navy, he did not serve at the frontlines, but was always in the rear echelon working as a paymaster in a safe area, and so after the war, he could not fully comprehend the ideological reforms of true democracy and he had unconcernedly lived in comfort. If he had been a survivor of the special attack unit that constantly faced death or a soldier with agonizing experiences of involvement with tragic deaths, starvation or



roul in the jungles of Guadalcanal or the Philippines, or in the defeat suffered at the Battle of Impal, then even if he belonged to the wartime generation, his political ideology would not be questioned since his appreciation of peace would have penetrated to the marrow of his bones and he would have learned the indispensability of democracy in depth.

But far from it, this practically paranoid politician was not only routinely demobilized after the war, but clinging to the anachronistic rightist patriotism and nationalistic ideals of prewar and wartime days, he conducted his "rising sun" election campaign as a lesser official of the Home Ministry bureaucrats in the 1947 general election with the slogan of "Defeat is a disgrace to the people; Japan must be rebuilt." His political activities before and after that campaign were conducted along the following lines:

1. Establishment of a "school of aspiration" aimed at the structural reform of the nation.
2. Development of the rising sun patriotic movement.
3. Criticism of the policies imposed on Japan by the U.S. occupation forces.
4. Criticism of the foreign policy of the Yoshida cabinet as being a "disgraceful foreign policy of subservience to and compliance with the United States."
5. Emphasis on the replacement of an "occupation constitution" by an "independent constitution, sovereign independence and an independent defense."
6. Emphasis on state protection of the Yasukuni Shrine.
7. Emphasis on "independent defense and dissolution of the mutual security treaty" in the face of the revision of the 1970 U.S.-Japan Mutual Security Treaty.

This flamboyant nationalistic and patriotic statesman, who does not know when to stop, is now actively engaged in paving the way for a constitutional revision which has been his wish for some time.

"As a Diet member, I am an advocate of constitutional revision. It is extremely regrettable that some people refuse to discuss constitutional revision, or consider revision to be wrong." "One method is to test the popular will on the subject of the constitution with dissolution of the Lower House."

These statements were made at the extraordinary session of the Diet in late 1982, and they reflect the true motives of the prime minister, whose nickname is the Weather Vane. I consider regarding this statesman as a weather vane politician to be erroneous. Surely, he perceives each turn of events sensitively and calculates the changes in his political strategy, but he has never forgotten, even for a moment, his political doctrine as a nationalistic and patriotic politician, and he has merely behaved opportunistically by submitting

to each turn of events as a means of realizing his great objectives. The public has misunderstood him. He is not merely a weather van-type, opportunistic politician. He is flamboyant, but he is also a sovereign rights, power-oriented individual who understands that the essence of politics is based on the Machiavellian trickeries. Therefore, if this prime minister were to be taken lightly and underestimated, it is possible that the people would suffer severely from retaliation.

This sovereign rights advocate is about to make his methodical moves. While calmly babbling that "constitutional revision will not occur during his tenure," he will calmly change his tune and place constitutional revision on the political agenda when the opportunity arises and when the objective of a long tenure of his political power has been reached, enabling him to control events to his advantage. He is essentially Machiavellian.

This advocate of constitutional revision, who by his nature ranks alongside Bin Akao and Yoshio Kodama in the "rightist lexicon," after employing trickeries and gaining the presidency of the LDP, the majority party, quickly submitted a strong plea for the proposal of the LDP's fiscal 1983 campaign objectives, and he expressly asked for acceleration of the movement for constitutional revision in a clearly distinctive manner when compared with previous years. An extract of that portion dealing with constitutional revision in the campaign objectives reads as follows.

"In order to confront the new era with peace and liberal democracy as bases, encourage the concrete study of revision, heighten discussions on the constitution and strive to stimulate public opinion under the slogan of 'the constitution arising from the people's will' which would be successfully promoted by the party's formal organ."

Such statements as the following were strung together in the resolutions and proclamations of the party convention held on 22 January 1983 to underline clearly his determination.

"Focus on the establishment of an independent constitution which has been the basic objective since the party's formation and strive to deepen widely the people's understanding." (a part of the resolution on constitutional revision) "The establishment of an independent constitution has been a party platform since the party's inception. We must review the present constitution, research ceaselessly and scrutinize it for revision, and engage in activities to educate and disseminate so as to gain the people's concurrence." (a part pertaining to constitutional revision in the convention proclamation)

This is probably the unraveling of his enthusiasm on the subject of constitutional revision, which has been the political creed long cherished by this politician, now that he has reached the seat of political power.

#### Phased Strategy by the LDP

The LDP strategy on constitutional revision is divided into three phases. The people centering around the LDP Diet members of the constitutional revision

faction know full well that it is not a simple task to revise the present constitution, which has become a fairly deep-rooted fixture among the people for the 38 years since the end of the war. Therefore, with the LDP serving as the core, the principal forces pushing for constitutional revision are the auxiliary organizations called "The Association of Diet Members for the Realization of an Independent Constitution" [ADMRIC] and "The People's Council To Protect Japan" [PCPJ], both with powerful memberships.

Soon after the formation of the Nakasone cabinet, on 10 January 1983 the ADMRIC promptly submitted to Prime Minister Nakasone as the party president a resolution, similar to the following, calling for the "establishment of an independent constitution."

"It is truly reassuring to see the election of President Nakasone, who has passionately campaigned for the establishment of an independent constitution along the lines of the party platform since his young days, and we hope that the president, while upholding his original intentions, will push forward this national topic with conviction."

In response to this appeal, Prime Minister Nakasone, as party president, strongly exhorted the party's Constitution Research Association and he asked the director (Senichiro Uemura) and assistant director to appoint ranking personnel with ministerial experience from the various factions of the LDP. He also requested that concrete drafts on constitutional revision for the establishment of an independent constitution be compiled within 1983. The LDP is already in possession of the outlines of three constitutional revision proposals, namely those formulated in 1954, 1973 and 1982, along with the first draft of the constitutional revision proposal prepared by the ADMRIC, but Prime Minister Nakasone will also have the salient points found in the party's three revision proposals compiled within 1983, and he has finally begun to push for positive programming of the constitutional revision task. He will work in cooperation with the ADMRIC, the PCPJ and other pro-constitutional revision organizations.

The ADMRIC, whose president is Nobusuke Kishi, is the most powerful force among the pro-constitutional revision organizations, and it developed its grass roots movement among the lower echelon, patterned after the method of the Protect the Constitution Federation (president: Seichi Katsumata). A total of 304 Diet members are affiliated with the ADMRIC. This number indeed comprises about three-fourths of the LDP's Diet membership, and only Takeo Miki is unaffiliated among the LDP Diet members who were formerly prime ministers.

As is widely known, ADMRIC President Nobusuke Kishi, who is aged but still energetic, is a politician who has maintained his political beliefs unwaveringly as a Great Asia ideologist and as a consistent democratic sovereign rights advocate through the prewar, wartime and postwar years. His Great Asia ideology differs from that of Tenshin Okakura or Sun Bun, for it is based on the Great East Asia Co-Prospersity Sphere concept with Japan as the leader. Nobusuke Kishi's steadfast "political beliefs" will not be explained in detail since they are described fully in his 1982 essay "How To Tide Over Modern

Times," published by Gendai Shokan in "A Pattern of Politics Directing The Strains of Modern Times," but while assuming the grave responsibility of the 15-year war as a war criminal, he has quietly switched the true democrats to his political beliefs since the war and he is fervently working toward revision of the "occupation-imposed constitution" which is the present, democratic constitution enacted in 1946.

But the question remains whether the present constitution was forced upon us by the occupation forces of the Allied Powers. Although it may be true that the government officials who were responsible for the 15-year war and government bureaucrats and related officials felt that the document was forced upon them, the general populace embraced democracy and hardly felt that a forced constitution had been imposed. On the contrary, the present democratic, peace-based constitution serves not only as a reflection of the aggression committed against China and the Southeast Asian countries, but as a reminder of the 6,460,000 people who were killed or wounded during the 15-year war, the 9,460,000 people who were victims of war damage, and it serves in atonement as a resting place for the blood of the Japanese people and the oppressed spirits of the people whose loss of their valuable lives at Hiroshima and Nagasaki defies description.

However, the ADMRIC, led by Nobusuke Kishi, and other pro-constitutional revision organizations plan, first of all, to strike out Article 9 of the constitution; to revise the "Emperor as the symbol system" in Chapter 1 to "Emperor as sovereign head"; to revise the various provisions in the "Rights and Duties of the People," Chapter 3, by broadly limiting the various rights and freedom of the people, and indiscriminately increasing duties only; to change for the worse the various provisions pertaining to the "Diet," Chapter 4, the "Cabinet," Chapter 5, the "Judiciary," Chapter 6, "Finance," Chapter 7 and "Local Self-Government," Chapter 8; to plan only for the indiscriminate strengthening of administrative rights and execute the restructuring of the state of Japan from the top with constitutional revision. (based on the ADMRIC's "First Draft of the Constitutional Revision Proposal," dated January 1981; the LDP Constitution Research Association's "Outline of the 1954 Revision Proposal," "Outline of the 1973 Proposal" and the "Intermediate Report of the 1982 Proposal," and other sources) The subject of constitutional revision is not limited to revision of the "renunciation of war" in Article 9, Chapter 2.

The other pro-constitutional revision organization with extremely influential force is the PCPJ. It was established in October 1981 and boasts a tremendous membership of influential personalities. Its president is former Ambassador to the United Nations Toshikazu Kase. The chairman of the steering committee is music teacher Toshiro Mayuzumi, the famous rightist nationalist who serves also as the steering committee chairman of the National Foundation Day celebration. The secretary-general is Hiroyuki Soejima, chief priest of the Meiji Shrine. The sponsors formed the organization with the following influential personalities from various fields.

Masaru Ibuka (honorary chairman of Sony Corporation); Seiichi Uno (professor emeritus of Tokyo University); Jun Eto (literary critic); Yoshio Oichi (professor emeritus of Kyoto University); Kiyotaka Kasugano (director of the Japan



Sumo Wrestling Association); Nichii Kaneko (head priest of the Honmon Temple in Ikegami); Nobutane Kiuchi (director of the World Economic Research Association); Chu Saito (editorial consultant of THE JAPAN TIMES); Takeshi Sakurada (honorary chairman of the Japan Federation of Employers' Association); Nobutaka Shikanai (president of SANKEI newspaper); Yasuo Shinoda (president of the Council of Shrines); Ikutaro Shimizu (former professor of the Peers School University); Koin Takada (chief abbot of the Yakushi Temple in Nara); Taro Takemi (former president of the Japan Medical Association); Shigeo Nagano (president of the Japan Chamber of Commerce and Industry and president of the Meiji Shrine Worshippers Association); Shocho Hayama (head priest of the Tendai Soenryaku Temple); Shinsaku Hogen (adviser to the International Cooperation Enterprise Group); Ryugen Hosokawa (political commentator); Kozo Masuda (Japanese chess player of the 9th grade); Mitsuro Muto (visiting professor of Waseda University); Katsu Muramatsu (critic); Takeshi Muramatsu (professor of Tsukuba University); and Nobuko Yamagishi (former president of the All Japan Women's Federation).

Some other sponsors are Yasuko Ikenobo of the floral arts, actor Koji Tsuruta and raconteur Nekohachi Edoya, totalling more than 230.

Other pro-constitutional revision organizations which have been engaged actively are the Association Responding to the Spirits of the Dead, The Home of Growth, etc.

#### First Phase--Education

Needless to say, the first phase in the LDP strategy for constitutional revision was education, and the hollowness and superficiality of the present constitution resulting from the accumulation of faits accomplis, which substantively relates to constitutional revision, were considered to be in the first phase. This phase has already been completed.

To put it concretely, this phase on education emphasized the dissemination and propagandization of the "forced constitution" imposed by the occupation forces. The general masses can be easily reached, but to try to improve it now as a peaceful and democratic constitution supported on the three principles of popular sovereignty, pacifism and respect for fundamental human rights is rather weak. As for the mistakes in the "discussion of the forced constitution," they were clearly described previously and lack any persuasive power in theory.

Thereupon, as the majority party, the LDP began to propagandize heavily by focusing on the provision of demilitarization in the "land, sea and air forces, as well as other war potential, will never be maintained" contained in Article 9; it propagandized the lack of reality of this provision in the context of international politics which is governed by power politics. Simply put, it was the "theory of the robber and the locked up home." But this propaganda was not quite effective. On the contrary, the mere exposure of the dangers of this theory proved to be its undoing. In other words, the theory is that to possess a limited war capability or to possess a war capability legally (constitutionally) while being drawn into the global military strategy of the

United States, in an internationally nuclear armed era with the United States and the USSR as opposing poles, poses the danger of Japan being entangled in a nuclear war.

So then the majority party undertook the strategy of achieving constitutional revision by remaining quiet about the fact that the National Police Reserves, predecessor of the Self-Defense Forces, was really a "forced military" imposed by the U.S. occupation forces, industriously emphasized the maintenance and buildup of the illegal (unconstitutional) Self-Defense Forces, accomplished the accumulation of faits accomplis to create an obvious war capability and now is pressing for its confirmation. This strategy of accumulating faits accomplis succeeded so brilliantly that today it is said that Japan's military (Self-Defense Forces) has a capacity ranking seventh in the world.

Because the course of this strategy regarding a substantive constitutional revision, as a result of the hollowness and superficiality of the present constitution, brought about through the accumulation of faits accomplis, is so highly effective, it applies and affects not only Article 9 but the rest of the articles.

As an example, among the articles pertaining to the "Judiciary," Chapter 6, the extremely important text of Article 81 which reads "The Supreme Court is the court of last resort with power to determine the constitutionality of any law, order, regulation or official act," has become hollow and superficial, and it is no longer substantively functional today. In other words, the bulk of the litigation cases on unconstitutionality pertaining to the Self-Defense Forces bases or maneuver grounds and the U.S. Security Forces bases or maneuver grounds in Japan have been dismissed from adjudication on jurisdictional reasons as state problems, thereby being reduced almost to nothing as a constitutional provision. The strategy of the majority party has been brilliantly successful.

This method has been successful not only with issues pertaining or related to Article 9 as a provision in "Renunciation of War," Chapter 2, but also with the other articles which have become hollow and superficial. For instance, among the provisions in "Rights and Duties of the People," Chapter 3, the text of Article 38 which reads "(1) no person shall be compelled to testify against himself; (2) a confession made under compulsion, torture or threat, or after prolonged arrest or detention, shall not be admitted in evidence; (3) no person shall be convicted or punished in cases where the only proof against him is his own confession" has become hollow and superficial, and it is not functioning in an acceptable manner. As proof, one can understand this by reviewing the many cases of false charges of guilt based on confessions made under compulsion, torture or threat that have occurred during the past 10 years.

Even with other cases, the hollowness and superficiality of the present constitution have often been apparent, and a great many conclusions have been achieved by this method by the majority party. The first phase in the strategy for constitutional revision was concluded very effectively.

## The Second Phase--Laying the Foundation

The second phase of the LDP strategy for constitutional revision is the present, ongoing phase. To begin with, the main objectives of the majority party in the second phase are to mold public opinion further toward constitutional revision, wage a public relations campaign, and carry out the task of substantively laying the foundation for constitutional revision. And now these objectives are being undertaken with such events as the aggressive announcement of constitutional revision by Nakasone since his assumption of the premiership; the stepped-up program for military expansion; consolidation of a military alliance-type cooperation among the United States, Japan and South Korea within the world military strategy of the United States; the statement on the "U.S.-Japan partnership of destiny"; the defense of the United States with the Japanese Archipelago serving as an "unsinkable aircraft carrier"; the gradual abandonment of the three principles on weapons import embargo through addition of provisions containing exceptions; the defense of the 1,000-nautical-mile sea lanes through blockade of the three straits in time of emergency (war), etc.

In addition, the most important task for the ruling LDP in this phase is to accomplish in advance the legal preparations that are necessary in time of emergency (war) and the legal preparations that would be immediately necessary after achieving constitutional revision. In other words, this means the introduction and enactment of bills on the "revision of the Self-Defense Force Law," "espionage prevention" and "establishment of the Yasukuni Shrine Law" in the Diet at an opportune time.

It is not a waste of time for people to study seriously the bill on revision of the Self-Defense Forces Law and to be aware that substantively it is an event to lay the groundwork for constitutional revision. And it goes without saying that the previously described ADMRIC and PCPJ are the organizations instrumental in conducting the grass roots campaign for "revision of the Self-Defense Forces Law," "establishment of the espionage prevention law" and "establishment of the Yasukuni Shrine law," and subsequently pushing for their enactment by having the resolutions of the assemblies of the various prefectures, cities, towns and villages throughout the nation petition the government. For instance, the written opinion submitted by the Kumamoto prefectural assembly to the government reads as follows.

**An Opinion Requesting Revision of the Self-Defense Forces Law To Confirm the Peace and Safety of Japan's Territory and Waters**

The tension of the international environment in recent years has posed serious problems to the safety of Japan's domain.

The present constitution does not have provisions to deal with any unlawful invasion of Japan's territory and waters by a foreign armed force, and under the existing situation the Self-Defense Forces cannot take adequate measures except to inform the police and the Maritime Safety Agency.

Therefore, we strongly urge the government immediately to enact measures in the Self-Defense Forces Law to deal with aggression against Japan's territory and waters, in order to prevent any unlawful invasion of the territory and waters even in peacetime.

Dated and addressed to the prime minister and the director of the Defense Agency.

The ADMRIC has been guiding the resolutions pertaining to "revision of the Self-Defense Forces Law," even going so far as to compose the text of the resolutions, and the petitioning to the government, and it is self evident that the government and the Defense Agency are working behind the scenes. As of 1982, the following local assemblies have already completed their petitioning.

The prefectural assemblies of Kumamoto and Gifu; the local assemblies of Yabe town, Hakusui village, Nishihara village, Choyo village, Yunomae village, Tsunagi town and Soyo town in Kumamoto; Agawa village and Motonachiyama village in Kochi; Wake town in Okayama; Minami Nasu town in Tochigi and Nishi Arita town in Saga.

The draft of the legislative bill to "establish an espionage prevention law," which is one of the major activities in laying the groundwork for constitutional revision, was already completed in 1980 and it contains such dreadful provisions as described below.

Draft of the Legislative Bill on the Prevention of Espionage and Related Activities Pertaining to Defense Secrets

(Objectives)

Article 1. The objectives of this law are to contribute to the security of Japan by preventing espionage activities, such as the monitoring, collecting, etc., of defense secrets for the purpose of transmitting them to a foreign country, and to prevent any disclosure of defense secrets by anyone responsible for the handling of defense secrets.

(Definition)

Article 2. "Defense secrets" are defined in this law as the text, drawings and hardware of the materials, which are listed in a separate attachment, or related to such materials, which require protection from the standpoint of Japan's defense, and those matters not approved for public release whose disclosure would seriously affect the security of Japan."

(Measures Undertaken To Protect Defense Secrets)

Article 3. The head of the government administrative agency handling defense secrets will adopt the necessary measures to protect the defense secrets by attaching a cover sheet, informing the concerned parties and engaging in related activities, as provided for in government ordinances.



Paragraph 2. Regarding the adoption of measures for matters described in the previous paragraph, in the event defense secrets are handled by a party other than the government administrative agency assigned to handle defense secrets, special arrangements must be made to inform the party of its classified nature.

(Punishment)

Article 4. Anyone who falls in the purview of the following categories will be punished with penal servitude of 2 years or less.

(1) Anyone who monitors or collects defense secrets illegally for the purpose of transmitting them to a foreign country.

(2) Anyone who transmits defense secrets to a foreign country for its benefit or for Japan's detriment.

Article 5. While assigned or previously assigned the duty of handling defense secrets, anyone who divulges to outsiders defense secrets gained or collected while on duty will be punished with penal servitude of 10 years or less.

Article 6. Attempts to commit acts described in Articles 4 and 5 are punishable.

Article 7. While assigned or previously assigned the duty of handling defense secrets, anyone who through neglect divulges to outsiders defense secrets gained or collected while on duty will be punished with penal servitude of 2 years or less, or a fine of 200,000 yen or less.

Article 8. Anyone who conspires in the crimes described in Article 4 will be sentenced to penal servitude for 7 years or less.

Paragraph 2. Anyone who conspires in the crimes described in Article 5 will be sentenced to penal servitude for 5 years or less.

Paragraph 3. Anyone who aids and abets in the commission of the crimes described in Article 4 will be punished as described in Paragraph 1, and anyone who aids and abets in the commission of the crimes described in Paragraph 5, will be punished as described in the previous paragraph. (The remainder is omitted.)

The materials listed in a separate attachment of the legislative bill consist of two parts, namely (1) items pertaining to defense and (2) items pertaining to the equipment necessary for the performance of the duties of the Self-Defense Forces. The items are listed indeed in detail and they are similar to the controlling laws on prewar military secrets (secrets on military matters) and therefore are somber, gloomy and disturbing to the reader.

The resolutions passed by the local assemblies petitioning for the "establishment of an espionage prevention law" are directed and sanctioned by the ADMRIC, the PCPJ, the Liaison Council for Revision of the Self-Defense Forces Law and

other organizations, and the legislative assemblies of Fukuoka and 24 other prefectures, 115 cities, 933 towns and 358 villages throughout the nation have responded as of the end of 1982.

### The Third Phase--Maneuvering for Submission in the Diet

It goes without saying that the time for arrival of the third phase is not too distant, if the present political and ideological situations continue to be the same and if the LDP continues to hold the reins of government power with a steady majority.

The third phase refers to that phase wherein the maneuvering for submission in the Diet takes place "through a concurring vote of two-thirds or more of all the members of each House", (a phrase from Article 96 under "Amendments" in the present constitution), and a fierce maneuvering by the majority faction will occur toward each Diet member regardless of party affiliation within the Diet. And it is a phase where, after the submission with the concurrence of two-thirds or more of the members of each House, it will be submitted to the people for ratification with a dreadful propaganda campaign waged by the majority party. The realization of constitutional revision on the basis of an affirmative majority of all votes cast at a special referendum on constitutional revision or at an election specified by the Diet is stipulated in Article 96 of the present constitution.

Forecast from now on as part of the maneuvering of the majority faction, among the strategies of the LDP during the final phase, is to make the middle-of-the road political parties the main targets. Even the JSP, which is now clearly regarded as favoring the present constitution, including Article 9, will have already split up at that time, or with the issue as the turning point, might be divided into the realist and the doctrinal factions. Pardon me for being personal but I am only a humble democrat who has never been affiliated with any political party or faction, and I want to refrain from analyzing the course of realist politics or forecasting the trends of political dynamics, but I predict that the tactics of individual targeting will be fiercely resorted to, seizing on such weaknesses as bribery scandals and personal gain by the various political parties and Diet members, who have been subjected to dreadful political trickery and shady deals, and then threatening exposure or slanderously and abusively denouncing them as traitors or anarchists.

The propaganda campaign aimed at the people to be waged prior to the referendum by the majority party and organizations, spearheaded by the constitutional revision faction, will undoubtedly be indescribable. This is because if the issue were to lose in the referendum, the issue of constitutional revision would be a failure, and its revival would be considered impossible. A fierce voting drive and a propaganda campaign supporting the bill will probably be waged with the slogan "For the defense of our homeland, Japan" by government agencies and, where possible, by the low-level administrative agencies of the various local self-governing bodies and even mobilization down to the level of town associations. The manipulation of public opinion through the mass media of TV, radio, newspapers, etc., will be conducted strongly by the powerful majority party.

Or else, before all this, the Self-Defense Forces could execute a coup d'etat, suspend the present constitution and lead Japan into a high-powered, bureaucratically controlled society. Such a society would be like a neofascist society. But unlike Nazi Germany, Mussolini's Italy and similar countries, Japan is a country where a changeover to fascism from the bottom is difficult to achieve, but where a changeover to fascism from the top is highly possible, as Masao Maruyama indicated in his book "The Ideologies and Actions of Modern Politics," dated 1956-1957. Whatever the case, the implementation of constitutional revision would not stop at Article 9, but literally would be comparable to restructuring the state, thereby bringing about great change both politically and socially.

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## POLITICAL AND SOCIOLOGICAL

### POLITICAL COMMENTATORS' BACKGROUND, POLITICS SCRUTINIZED

Tokyo SEIKAI ORAI in Japanese Apr 83 pp 164-178

[Article by Reporter Masanari Seda: "All Out Examination of Brown-nosing Political Commentators."]

[Text] Distorted Information by Commentators

Indications are that the local election will be held in April followed by House of Councillors' election in June; furthermore, the first proportional representation system in the national constituency will be initiated and it is likely that a double election will be held after the dissolution of the House of Representatives. What will happen if former Prime Minister Tanaka is found guilty this fall in the Lockheed trial?

Political commentators are in "full bloom" regarding the coming 1983 political showdown. Whether we like it or not, politics is intruding into our workshops and homes through various media. Although people may have difficulty digesting all of the information, nearly all of the over 100 million people have become political commentators of sorts.

Everyone knows that "the Tanaka faction has monopolized its influence on the Nakasone Cabinet," or "the new leaders in the political world."

A professional group of political commentators consolidates and processes these bits of information and distributes them nationwide to satisfy the people's curiosity and appetite for knowledge. These professionals from various areas--free-lancers, college professors, news reporters--are adding more fuel to the political showdown.

As shown by the diminishing differences between amateurs and professionals in baseball, golf and photography in Japan and throughout the world, the level of amateur political commentators has risen in some cases, enough to deride the professional political commentators.

These professional political commentators issue distorted information to mislead the public and render special services to factions and politicians. We often see certain commentators who try to earn as much as possible to be included on the high income earners list.

There are also many commentators who take patronizing attitude when discussing the affairs of state even on the level of barbershop talk.

#### Degrading Political Commentators

A rating of professional political commentators by amateurs shows that the political commentators of the Taisho democracy era, who appealed for a broad political-cultural reform, possessed a kind of leadership seldom seen today. They instilled political awareness among the people to protect the constitution and the suffrage movement; they promoted women's suffrage and right of participation and weakened the power of the House of Peers and the military. For example, the deeds of men such as Sakuzo Yoshino, Kunio Oyama and Tokuzo Fukuda, who were able to see into Japan's future and explain their views at universities, on street corners and through publications, have been passed on to later generations, but such high level commentators are no longer visible these days.

They were political reporters but vastly different from the reporters of today. They decided on the protection of speech and the impeachment of the cabinet at the Kinki-Kansai reporters conference held in July of 1918. They held a national reporters league conference in January 1923 to expedite the suffrage movement. Reporters of those days were valiant.

Many political reporters of that period were scholars and they possessed enough pressure to put fear into politicians and even forced the cabinet into resigning. But well known commentators of today brown-nose the administration and the political parties and provide no threat to them.

Even though reporters assigned to important government officials know the "top secret," they do not report them. Commentators stick closely to the administrative leaders and do not confirm facts and have no knowledge of the welfare of the country.

In prewar days, politicians sacrificed family assets for political activities, but today, we have the "yes sir" type who cannot be distinguished whether they are politicians or concession hunters. There are those who hang on to Tanaka despite his reputation of being a shady Mejiro tycoon. Politicians have changed and the commentators have also changed. Both are to be blamed.

Now is the most opportune time for political commentators [to do something worthwhile], but for some reason, good commentators have not surfaced. Singers have hit songs, writers have the Akutagawa award to strive for, and the springboard for new commentators is to write noteworthy articles and theses and distinguish themselves in the mass media. Their initial work is usually good but they do not seem to be able to continue for long periods.

Well known newcomers are snatched away by publishers and magazine companies as it to squeeze all information and data out of the "storehouse." Soon the storehouse is depleted, but for as long as there is a shortage of input (new gathering and information storage) publishers will seek an output (contributors). However, they are abandoned as soon as the content is emptied.



Popularity means greater income for some commentators. They want the fame and the money. Their expenses for new gathering and travel will increase and they will be faced with unexpectedly high taxes at year's end. This is the time when poorer products begin to emerge in bulk. As their "name value" increases, they begin their independent move. It is like an consulting and exaggerated advertisement for a near-bankrupt shop.

The use of brand names and labels without quality products may provide sufficient revenue for awhile, but it will be short-lived. Many people look for labels but the discriminating customers will begin to stay away. In order to avoid the loss of customers, a vicious cycle of slipshod production and bargain sales continues.

A new free-lance journalist Hiroshi Kubota wrote, "Challenge of the Japanese Police" (published by Ushio Bunken) and drew some attention, but his article, "Masaharu Gotoda Behind the Scoop on the Corruption of the Osaka Municipal Police," which appeared in the February issue of the GENDAI, became a sensation. However, this article contains innumerable misquotes. No direct interviews were made and there were no concrete facts. They were all malicious inferences making Gotoda the villain. This in itself was a mistake but it is compounded by simply publishing an "apology and revision" in the March issue of GENDAI, after Gotoda protested.

Sufficient precaution is necessary when attacking a person with the pen, and backup evidence to counter the protest should be made available.

#### Mass Sale by Kenichi Takemura

Kenichi Takemura is an example of big time slipshod manufacturers of inferior quality articles. He was born in Osaka in 1930, graduated from the English department of Kyoto University, studied abroad in the United States and became a free-lancer after working as a reporter for the English language ASAHI. His pose with a pipe in one hand while giving his hawkish comments in the Kansai dialect were a hit. He has been sought after by television and radio stations and has appeared as often as 80 times during 1 month. This Osaka born commentator makes money by expounding on social conditions in a manner palatable to elder company president types.

"The World of Makuruhan [phonetic]" (Substance of Modern Civilization and its Future) published during the security pact disturbances in the early 1970's was widely read. His writings multiplied as he became well known and his works now total over 200. He has average an article every 2-3 days even while commuting to broadcasting studios. They are mass produced inferior in quality accomplished by dictation and subcontracted to young writers. He is no longer expected to be a writer with a clear conscience.

His type of operation would be better described as a parent literary company with systematic use of subcontractors rather than a professional literary operation.

Then there is Soichiro Tahara, a young journalist, born in 1934, who recently became a political commentator. He is a graduate of the literature department of Waseda University. He worked as a director of Tokyo Channel 12 and Iwanami Movie and then became a writer of documentaries. He has distinguished himself as a hard worker with a unique background. He was born in Hikone City in Shiga Prefecture. He is now busily earning money as an "honest and reliable" and "hard-working" businessman.

He has also written popular articles such as "Nuclear War" (published by Tsukuma Shobo) and "Currency Mafia War" (published by Bungei Shunju) but his writing took off as he became well known. His work on "Japan's 1980 Bureaucracy" (published by Bungei Shunju) contains many unauthorized quotes obtained from their party sources. His work on "The Mysterious Choreographer: Kiichi Miyazawa's Strategy Against the United States" and "Launching of the Japanese Electronic Weapon ASM" (both published by BUNGEI SHUNJU) were good, but his later articles on political situations and the Lockheed case lost some of their punch, due to improper data collection, and they became more or less interviews.

One should remain as naive as a novice and protect his unique specialization or he will be at the mercy of the publishers and lose in the end.

#### Cannot Sleep With Feet Toward Tanaka

Takashi Tachibana is 6 years younger and better known than Tahara. He was born in Nagasaki Prefecture in 1940 and graduated from the literature department of Tokyo University. He worked as an editorial reporter for SHUKAN BUNSHUN but resigned and entered the graduate school of Tokyo University. After his tempestuous political activities on campus, he joined the BUNGEI SHUNJU, writing exclusively for it. He became a commentator and a scholar after his participation in the security pact struggle of the 1960's. Many journalists emerged from the security pact disturbances of the 1970's. Tachibana is one of them and his articles on "The Glory and Tragedy of the 1960 Security Pact Heroes," "Analects of Tokyo University Gewalt Wall" and "Yoshitaka Yamamoto and Meiji University at Akita" (all published by BUNGEI SHUNJU) were well received. However, it was the "Research on Personal and Financial Connections of Kakuei Tanaka" (May 1974 issue of BUNGEI SHUNJU) which established him as a journalist.

There are others such as the "Chukaku Versus Kakumaru" ("Middle Core Faction of the Marxist Student League vs Revolutionary Marxist Student Faction") and "A Study on the Japanese Communist Party," but his fame came from the Tanaka Financial connection and he is probably the foremost researcher on the Lockheed case. Tachibana's fame is associated with Tanaka and it is more proper to call him an investigator of Kakuei Tanaka rather than a political commentator. He has gathered data on the Lockheed suit for nearly 7 years. His popularity is such that progress against Tanaka cannot be made without his commentary.

The attack on Tanaka's financial connection turned out to be a financial connection for Tachibana. No other journalists have benefited so much with villainous commentary about Tanaka. There is a strong correlation between Tachibana's rising status and the increasing power of Tanaka who is still a defendant in the penal court.

The first conviction of Tanaka may come this fall but he will remain a defendant for another 10 years before the case is finally decided. We respect Tachibana's efforts in collecting evidence and writing ability, but it is doubtful that there is any free-lance journalist who is as "lucky" as Tachibana regarding the Tanaka connection.

As it stands now, Tanaka may remain a "perennial defendant" which will provide a "life work" of writing for Tachibana. Perhaps Tachibana should not sleep with his feet [bad omen] toward Mejirodai in Tokyo.

#### Hirotsu Fujiwara and 500,000 Yen a Lecture

Materials are the deciding factors in journalism even as in the case of a sushi shop. Appreciation depends on the freshness and variety of fish. A beautiful arrangement on a china plate without fresh ingredients will not satisfy the customers. One must know that materials are the deciding factor, but no commentator is expected to come up with an "original opinion worth listening to" from the very beginning.

As mentioned at the outset, there are 100 million amateur political commentators with sufficient knowledge and information. Even high school students are able to critique a prime minister's speeches and activities and the elementary school teachers can give their views on the minister of education. General information can be obtained by reading newspapers and weeklies.

What the well known professors of well known universities say or what the editorial staff of well known publishers say does not decide public opinion.

Commentators of today are boisterous and sensation-seeking professionals who play up barbershop-level politics. The lack of deep and educated observation and analysis is common among them. One need not use pedantic words but the lack of a theoretical basis can lead to misunderstanding of a problem.

Whether or not Kenji Osano attended a commercial college or Kakuei Tanaka studied law is immaterial because moneymaking and economics are unrelated and politicians without a political science background can become famous. A commentator, however, should have basic knowledge of political ideologies and political science.

Political science is the oldest of the social sciences and also the least advanced. Its basic concept and systematization have yet to be realized in the political world. For instance, what is power? Unless one has the scholastic aptitude to think about such subject on a short notice, he cannot become an in-depth commentator.

Because there is no scientific perception on the part of commentators, infinite varieties of political phenomena will remain unnoticed and unorganized.

A former commentator, Soichi Oyake (deceased), was able to denounce anyone with his unique and sharp tongue and cynicism, but behind his simple metaphoric and eloquent expressions was a very deep philosophical and historical basis. He talked of "sensation-seeking leaders with no ideological ideology." These days, it is hard to find commentators with his basic scholarly knowledge.



Hirotatsu Fujiwara may be pointed out as a scholar among the numerous non-scholarly commentators. Fujiwara was born in Hiroshima Prefecture in July 1926. He joined the military service after acquiring the status of tentative graduation from the Tokyo University law school. "The Logic and Psychology of Ultrationalism" by Professor Sadzo Maruyama impressed him so deeply that he entered graduate school after his discharge from military duty.

He is no longer an academician but he is a rarity, a knowledgeable person, among the commentators, as shown by his doctoral degree in political science and his thesis on the "Introduction to Modern Japanese Political Ideology."

He reported on a series of research reports on the political awareness of the people, and has shown his worthiness as an understudy to Maruyama with his many studies, including "Comments on Ishibashi Cabinet," "On Prime Minister Nobusuke Kishi," "On Conservative Autocracy" and "Bureaucratic Structure." His elucidation and criticism of definite events in plain language based on his deep-rooted political knowledge are well written and profound.

During the early stage of the 1970's security pact controversy characterized by violence in universities, he was criticized by Soichi Oyake and left Meiji University in order to carry out his energetic political activity.

When the Soka Gakkai emerged as a likely political monster, he published "Slash the Soka Gakkai," which became a million book seller.

He appears with Ryugen Hosokawa on television to discuss current events but his knowledge of matters other than politics such topics as Sino-Soviet confrontation, Sino-Japanese friendship and human ideology is much more extensive than other commentators.

He has a unique manner of maliciously condemning crude day-to-day political struggles while showing his extensive knowledge. He has a talent of putting across his thoughts plausibly because of his abounding confidence.

His lecture fee is said to be 500,000 yen, but because of his busy schedule of television appearances and lectures, he has departed from theoretical research and his writing is no longer precise. It is claimed that editors of well established publishing firms do not put too much faith in his work anymore.

He reigns, with a high income earned by a stroke of his pen or words from his tongue, and exerts influence on political situations with his malicious words against anyone in the political world. He is known today as a "degenerate scholar" journalist existing as a nonparliamentary member of the mass media.

Kenzo Uchida is another disciple of Maruyama who is not as crude as Fujiwara, but who is known as a scholarly commentator. He was born in Kumamoto Prefecture in 1922. He is a graduate of the law department of Tokyo University and followed the postwar conservative political movements while serving as a political reporter of KYODO. He served as a chief of the political department and a chairman of the editorial committee, and after retirement, he was appointed professor of Hosei University. He attacked the financial influence

of the conservative party from his positivistic political science position and grieved over the absence of reform. He has written proposals on Japanese politics but they are of the sound textbook type, but it is questionable as to how far they can dissect that monster, politics.

His writings include "Conservative Politics of Postwar Japan" (published by Iwanami Shinsho) and "Focus on Postwar Conservative Politics (coauthorship). The latter gives roundtable talks under the subtitles of historical facts and background and it is hoped that more of this type will be published.

#### Conversion of Kotaro Tawara to Earning Money

It would be interesting to write about a man and wife team but unfortunately Kotaro and Moeko (formerly Moeko Nakano) Tawara have separated.

Kotaro was born in Tokyo in November 1930. He graduated from the literary department of Tokyo University and joined SANKEI SHIMBUN as a political reporters. He married Moeko who graduated from Osaka University of Foreign Studies.

When Kotaro was with the editorial committee, Moeko was already popular on television and in magazines. Duties as a wife and as a writer were not compatible, and in the meantime, Kotaro became quite chummy with a young coworker. These differences led to a separation and finally a divorce. Following this, Moeko had success with her writings on couples and divorce.

Kotaro was a Marxist activist during his college days and because of his close association with the Communist Party, he was especially friendly with Kenji Miyamoto, Koichiro Ueda and Tetsuzo Fuwa by the time he became a reporter. Kotaro was pro-Yoyogi (Communist Party headquarters) and put a counter-weight to those reporters who were critical of Yoyogi. He wrote political comments and discourses on the Communist Party, but he was not satisfied and resigned from SANKEI and became a political commentator. He remarried around that time.

Kotaro became very familiar with the inner workings of the Communist Party during his give-and-take associations with the leaders of Yoyogi. His publications on "The Naked Communist Party of Japan," "Leaders of the Japan Communist Party" and "Communist Party in Enterprises" were a success.

However, as the popularity of Yoyogi waned with each election, Tawara's pro-Yoyogi writings lost their appeal which led to a stronger anticommunist tone. He is now being treated as an anticommunist rightwing traitor by the Communist Party. He is a convert in the eyes of those who have known him since the early days but there is no public statement to that effect. This simple conversion may be due to his lack of a deep-rooted Marxist-Leninist theoretical background.

Requests for lectures and writings increased with his growing anticommunist sentiment. He was ranked high among the political commentators and newscasters, who were in high demand. He earned 23.8 million yen according to his final income tax return for 1981. As his popularity grew, he began to neglect his studies. His earlier writings were much better.

His political comments are not particularly substantive but his simple analysis and his confident decisiveness seem to have been a success on television.

An interview by Tawara with Justice Minister Akira Hatano published in the March 1983 issue of SHOKUN revealed that the talk ended with noncommittal replies by Hatano, who is known to be a tactician. But why wasn't Tawara able to extract something out of Hatano by probing deeper into his observations? Such watered-down interviews, if continued by a professional such as Tawara, would only invite harsh ratings from well-informed "amateur" readers.

#### Sharp Criticism Against Nakasone

A "disease of adherence" to rising politicians seems to be common among most of the commentators. An accurate description of the subject cannot be made without close association, but closeness can lead to too strong a connection, which leads to distorted and restricted vision. A close association without attachment is easier said than done among all commentators. In order to be privy to behind-the-scene action in the confinement of the political world, a certain flattery is required, but the question is how to maintain a balanced, conscientious stance.

In this regard, Hisao Imai is the one who comes to our attention. Imai was born in Tokyo in 1920. He is a graduate of the applied chemistry department, engineering faculty of Keio University, which is rare for a commentator. He became head of the political department of JIJI SHIMPO, and after serving with the editorial committee of SANKEI SHIMBUN, became a director of the Japan Commentators Society, although this title does not ring a bell with me.

A series on the "Politicians of the 1980's With Appeal" appeared as "13 Candidates for Prime Minister" in the monthly KEIZAI ORAI. It includes a close-range observation of politicians with all sort of gossip. It is well written and easy to read, but Imai tends to be too close to the people about whom he is writing. It lacks deep observations and theoretical consolidation as to political insight, and gives the impression of a barbershop-level discussion.

A party was held at the Chiyoda Club in the basement of the Hibiya Press Center in Tokyo to celebrate the publication of his series. Approximately 200 Diet members attended. This party was sponsored by Yoichi Takeuchi, president of the Administrative Problem Institute (publishes a monthly, KANKAI) located above the club. Imai's office is located in the same building. He operates a real estate business and an eating establishment in addition to writing. On account of a certain trouble associated with this business, there was an incident in which a Molotov cocktail was thrown at the Chiyoda Club.

Be that as it may, Imai did not list Suzuki among the 13 candidates to replace Ohira but the Suzuki Cabinet was formed. Imai has written "Ichiro Nakagawa, An Uncompromising Candidate" but his attachment to Nakagawa has gone too far. He flattered Nakagawa by saying, "He is not a Nakagawa for Hokkaido alone but a Nakagawa for all of Japan." However, there should be more moderation between a commentator's eye and pen. He must have taken a real fancy to Nakagawa.

It is said that Imai is publishing "Zaikai Fukushima" ("Financial Fukushima"), but there is no record of Imai touching on the financial connection of politicians. Moreover, he contributed an article under the grandiose title of "Historic Mission of the Nakasone Cabinet" in the January issue of KEIZAI ORAI and also "On President-Prime Minister Nakasone" in the January issue of the aforementioned KANKAI, but both articles are only lukewarm in tone.

As an example, he wrote, "There is room for sympathy regarding Nakasone's weather vane political posture. If this is considered his resourcefulness in survival and his strategy in taking over the leadership, it would be deplorable to find fault with him." This is alright since every politician is a weather vane or they would not survive. The problem, however, is why sarcasm is directed only at Nakasone (by others).

Imai describes Nakasone as "good-looking, with insight and courage, and a politician of international sensibility who speaks English." But why did others who have been intimate and have taken a closer look at Nakasone over a long period of time back away from him? There seems to be too much reliance on gossip and keen observations are forfeited. It is required that these vital questions be answered.

A reporter for NEWSWEEK wrote, "There are realists and opportunists among those people who are weather vanes. Nakasone is the latter and a closer look may invite distrust." Why can't the Japanese commentators say what the American reporter said?

#### Isamu Togawa Leaning Toward Mejiro

Financial connections seem to follow many political commentators as is the case with politicians. Some of the money comes through dubious channels and some has the markings of underhandedness.

Even if a commentator spends all night writing a media manuscript, the income from it is negligible. It is considered good if one receives 4,000-5,000 yen per a 400 word pages. It can be as low as 1,000-2,000 yen. A large manuscript of 100 pages at 4,000 would bring a before-tax revenue of 400,000 yen. It would be reduced to around 100,000 yen after the withholding tax, final tax return and district tax for the following year are deducted. Such large manuscripts can be written each month, but the request for them does not come very often from well known publishers. Manuscripts are written upon request and they are not sold to publishers by writers, like other commodities. Aside from the popular writers, it is difficult from a practical sense for honest media writers to earn as much, on a steady basis, as a department head of a first-class firm.

Basic incomes are, to a certain degree, set for each occupation, such as for college professors and news reporters. A literary profession as a side business may supplement one's livelihood but reliance on the pen alone to maintain an independent livelihood is not as easy as it seems.



However, it is strange that some commentators are able to maintain offices in hotels or buildings in the heart of the city, and employ their lovers as secretaries or office workers. Commonsense says that an income from manuscripts alone cannot support this type of livelihood. This is where specific politicians or political factions serve as sponsors.

They receive excellent fees for writing manuscripts flattering for certain individuals or for preventing publication of shady rumors concerning various factions. They often receive fees to supplement their incomes for not writing rather than for writing.

More commentators are turning to lecture fees rather than writing fees. Lectures can be repeated because the audience differs from place to place and they do not require precise data or expressions as in written documents. A fee for an hour talk is much more than the manuscript fee. It is tax deferred and often received in cash on the spot. A taste of lecture fees makes the struggles of writing a manuscript seem foolish. A well known commentator can earn 200,000 to 300,000 yen per lecture, which is a definite advantage over writing.

In addition, remuneration from a lecture to push a candidate known to be a new political leader of "prime minister caliber" on the candidate's home ground is large enough that it cannot be matched by any publisher.

Readers should be able to perceive and make allowances for political comments which cater to specific politicians and factions. A certain chief editor claims that "a sort of degradation occurs when a writer becomes a lecturer." There is a ring of truth to this.

#### Togawa Without Integrity

Isamu Togawa is one of the highly paid commentators with a steady taxable income of 50 million yen earned through his energetic writings. He was born in Hiratsuka City in Kanagawa Prefecture in December 1923. He graduated from the economics department of Waseda University, worked as a political reporter for YOMIURI SHIMBUN and became a political commentator.

His articles include "Sober Prewar and Postwar Showa" (Kobunsha) and "Can You Become Kakuei Tanaka" (Published by Yamate Shobo). "Novel: Yoshida School" (published by Ryudo Shuppansha), which became a best seller, was made by Toho into a movie which will open in April.

After becoming an independent commentator, he wrote excellent and justified dissertations such as "Where Is the Source of Corrupt Election", and "A Man Who Snapped at Ichiro Kono," which were published by BUNCEI SHUNJU. His inside political, diplomatic and cultural documentations have been good, but such incisive articles have not appeared in magazines lately. The reason for this may be due to his reputation among the editorial people as a patronizing writer for Koshiyama Kai (society) and of being excessively pro-Tanaka.

Togawa's writing on Tanaka does not touch on the essential financial connection and brings out only his vainglorious success. It is rumored that his books and magazine articles were distributed in large numbers in Echigo (Niigata area). A wide distribution of materials in defense of Tanaka, who is known to be the "king maker" despite being a criminal defendant with over 100 Diet members under his wing, might make the people take another look at Tanaka. However, when Tanaka's situation changed, Togawa left him which is why he is called a "strange commentator."

Hideo Akimoto worked as a reporter for YOMIURI SHIMBUN. He is well informed on the financial world from his long association in the field of economics. He participated in a magazine-sponsored discussion on "cutting down 100 company presidents" based on the scandals concerning the leaders of the financial world. Despite his lackluster commentary activity, he maintains an office in the city and earns a reported income of 33 million yen.

The name of his office has appeared in newspapers whenever a shady rumor in the financial world appears. Is he a commentator who does not write?

There is also Yoshimasa Miyazaki who worked in the political department of YOMIURI SHIMBUN. There aren't many political commentators who transcend various factions and obtain data from all angles as well as Miyazaki. He was born in Hokkaido in August 1915. He graduated from the economics department of Waseda University, joined YOMIURI and resigned to become a lecturer for Tokai University and Waseda University. At the time, he collected enough materials on political leaders to put active reporters to shame. He is strong in political diagnoses and highly valued by the political world.

Based on his memos and diaries kept during his reporter days, he wrote "Facts: Political World of 25 Years" which follows closely the conservative party activities from the Katayama Cabinet to the Sato Cabinet.

He is treated with affection in the political world and because of his long association with leaders of various factions he can be comfortable with any prime minister candidate.

The secret of his long life as a political commentator according to someone close to the political world is: "Miyazaki does not have specific patrons; therefore, his writings and lectures are fair. He does not accept under-the-table money and returns any car fares or fees in excess of the current price."

His hobby is deep-sea fishing--his political views are calm and deliberate.

A former ASAHI reporter, Takami Wada, was born in Wakayama Prefecture in 1919. He served as chief of the economics department of the Osaka branch (ASAHI), chief editor of ASAHI JANARU and a member of the editorial committee.

He wrote "Japan's Choice" and "Modern Japanese Politics" (published by Keizai Orai) which mentioned a middle-of-the-road administration between conservatives and radicals, but in actual its politics does not work that way.

He has been favoring the Komei Party and Soka Gakkai recently. It is rumored that he may run for the House of Councillors election with the endorsement of the Komei Party.

#### Unique Existence of Iijima and Miyagawa

A group known more for election commentary than political commentary began to draw attention. One of them is Kiyoshi Iijima, a graduate of the law department of Chuo University, who was born in Saitama Prefecture in 1930. As shown by his articles "Entrance to Modern Election" (published by Goma Shobo) and "How to Read Election" (published by Ushio Shuppan), he is well informed on all electoral districts of Japan. He makes predictions on their candidates, results and number of ballots--thus, he is eagerly sought by periodicals and television firms during elections.

He likes golfing and belongs to the Honatsugi Country Club. He studies the course and plays a sound golf game. It is said that he played with Ichiro Nakagawa at the Hisaji Country Club on Sunday before he committed suicide. His close association with politicians has given him the power of observation in the election. It is said, however, that he is serving as an executive of a paper company and is involved only in election pamphlets and posters.

Takayoshi Miyagawa, president of the Election Information Center, is the first rate producer of election coverage. He was born in Fukuoka Prefecture in 1936. He pioneered in the new field of vote getting "know-how", producing posters, stickers, emblems and slogans for elections. Computers are used for public opinion polls, and like Iijima, overwhelming requests for his service are received during the election. He operates a Vietnamese restaurant called Asazai in Akasaka where Vietnamese girls are employed.

There is Masumi Ishikawa (member of ASAHI Editorial Committee), a systems analyst who by consensus, is noted for his dynamic illumination of political consciousness. Ishikawa is able to provide scientific analysis, but he rarely obtains materials directly. His lack of knowledge of the inner parts of the murky political world does not make him a political commentator.

A talk with an American Professor Curtis, which was serialized in the ASAHI SHIMBUN, seems to indicate that the American has a better insight into Japanese politics.

To professional commentators: do not alienate yourself from principles even though you may have to make tactical compromises with the concerned politicians. Confirm the facts accurately, maintain a cool-headed equidistance from any political parties, organizations, factions and politicians and do not bend to any authority--this will extend your lives as political commentators. The ethics of politicians are being discussed by the Diet, but do not forget the ethics of political commentators.

There is nothing wrong with being the "closed off" type. This is advice from an amateur to the professionals.

## BIOGRAPHICAL SUMMARIES

### 1. Takashi Tachibana

Born in Nagasaki Prefecture in 1940. Graduated from French literature department, Tokyo University. Reporter for BUNGEI SHUNJU. Operated a bar. Entered post-graduate school of philosophy Tokyo U. Became writer for BUNGEI SHUNJU. Was successful with "Kakuei Tanaka: Financial and Human Connections," which led to resignation of Tanaka. Other writings include "Research on JCP" and "Nokyo: A Gigantic Challenge."

### 2. Hirotatsu Fujiwara

Born in Hiroshima Prefecture, 1921. Joined military service after obtaining a tentative graduation status (a wartime practice) from law department, Tokyo University. Entered post-graduate school. Received doctor of political science for his thesis on "Introduction to Modern Japanese Political Ideological History" while working as a lecturer at Meiji University. He has contributed articles on "Ishibashi Cabinet" and "Prime Minister Nobusuke Kishi" and became a political commentator in 1957. He also wrote "Modern Japanese Political Awareness," "Bureaucratic Structure" and "Conservative Autocracy."

### 3. Kenzo Uchida

Born in Kumamoto Prefecture, 1922. Graduated from law department, Tokyo University. Joined political department of Kyodo News. Follows political ideology of Masao Maruyama. Delves into financial connection of conservatives and laments lack of reform. Written many articles for SEKAI and CHUO KORON. Wrote "Conservative Politics of Postwar Japan."

### 4. Kotaro Tawara

Born in Tokyo, 1930. Graduated from literature department, Tokyo University. Had close association with Communist Party during school days. Became reporter for political department of SANKEI SHIMBUN. Turned to political commentator after resigning from SANKEI. Also active newscaster. Latest writings include: "Communist Party in Enterprises" and "What Are Personal Affairs."

### 5. Hisao Imai

Born in Tokyo, 1920. Graduated from engineering department, Keio University. Became chief of political department, JIJI SHIMPO. Served as member of editorial committee, SANKEI SHIMBUN. Currently director of Japan Commentators Society. His writings include: "Ichiro Nakagawa: Unyielding Candidate for Premiership" and "13 Candidates for Prime Minister."

### 6. Isamu Togawa

Born in Kanagawa Prefecture, 1922. Graduated from political science department, Waseda University. Assigned to political department of YOMIURI SHIMBUN.



Later became political commentator. Wrote several articles including: "Sober Prewar and Postwar Showa," "Can You Become Kakuei Tanaka," and "Novel: Yoshida School."

7. Hideo Akimoto

Born in Tokyo, 1926. Graduated from economics department, Meiji University, joined economics department of YOMIURI SHIMBUN. Specialized in Nikkeiren and financial world. Became a free lance commentator on management, politics and international issues. His articles include: "Denuded Japan" and "Matsushita Business Method Advancing Around the World."

8. Yoshimasa Miyazaki

Born in Hokkaido, 1915. Graduated from political-economics department, Waseda University. Became reporter for political department of YOMIURI SHIMBUN, member of editorial committee, political commentator. "25 Years in Political World," based on notes and diary kept during his reporter days, gives clear picture on constitution revision, Katayama days to Sata days.

9. Kiyoshi Iijima

Born in Saitama Prefecture, 1930. Graduated from law department, Chuo University. Wrote articles on election predictions for weeklies and evening papers. Writings include: "Entrance to Modern Election" (published by Goma Shobo) and "How to Read Election" (Ushio Shuppan).

10. Takayoshi Miyagawa

Born in Fukuoka Prefecture, 1936. Graduated from North Sasebo High School. President of Political Information Center. Known as first class election promoter. Even financial people come to him for information on successful and unsuccessful candidates.

11. Soichiro Tahara

Born in Shiga Prefecture, 1934. Graduated from the Department of Literature, Waseda University. After working for Iwanami Movie, joined Tokyo Channel 12 in 1963. Resigned in 1976. His writings are: "Currently Mafia War," "Japan's Bureaucracy," "Power Elites in Japan," and many others.

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## ECONOMIC

### INTERNATIONAL SYNDICATED LOAN IMPACT ON BANK OF TOKYO DISCUSSED

Tokyo SHUKAN DAIYAMONDO in Japanese 26 Mar 83 pp 30-32

[Text] After the Glory

1980	12th place	56 cases	9.8 billion yen
1981	7th place	131 cases	20.9 billion yen
1982	1st place	226 cases	56.6 billion yen

The Caploan [phonetic] International Finance Data, Inc. published the above figures which describe the rise in syndicated loan performance of the Bank of Tokyo among other major banks of the world.

In the past 3-4 years, the performance of the Bank of Tokyo in syndicated loan has been remarkable and last year, finally, it moved up to the top spot outstripping major US banks including the Chase Manhattan.

Their glory, however, was shortlived, for what visited them afterwards was international monetary instability.

Nihon Keizai Shimbun reported the balance, as of the end of July 1982, of loans made by major Japanese banks to Mexico--a current center of attention--as follows: the Bank of Tokyo, 1.06 billion dollars; the Fuji Bank, 1.02 billion dollars; the Dai-Ichi Kangyo Bank, 1 billion dollars.

The paper also reported the percentage of each of these banks; balance of loans to its equity capital as follows: the Bank of Tokyo, 82.7 percent; the Fuji Bank, 40.2 percent; the Dai-Ichi Kangyo Bank, 38.1 percent.

What attracts one's attention here is the high percentage attributed to the Bank of Tokyo. According to the administrative guidance set forth by the Ministry of Finance a bank's balance of intermediate and long-term loans to a single country is restricted to within 20 percent of its equity capital. It is understood that the remainder comes from the balance of short-term loans.

On March 9 of this year, the Wall Street Journal reported that as many as 500 foreign banks have decided to make additional 5 billion dollar loans

To Mexico. The Bank of Tokyo appears 6th on the list behind major American banks such as the Citibank.

Although the Bank of Tokyo has yet to confirm nor deny the reported data on the syndicated loan, as a virtual representative of Japan's lending institutions with Mexico and other debtor nations.

#### A Storm of Monetary Revolution

1971	19.6 billion yen	8th place
1981	57.0 billion yen	12th place

These represent the Bank of Tokyo's ranking in the income return of financial institutions which appeared in the March 9 issue of this journal.

The decline in ranking in 1981 aside, what is more significant is the growth of financial institutions other than city banks.

In 1971, the Nomura Securities ranked one below (the Bank of Tokyo), Industrial Bank of Japan below that, and Nihon Seimein ranked 20th; but, in 1981, the Nihon Seimein was ranked first, the Nomura Securities second. The (new) "champions" of financial institutions other than city banks have outstripped the Bank of Tokyo--the Tokio Marine and Fire Insurance was ranked 8th, the Industrial Bank of Japan 9th, and the Daiichi Seimei 10th.

Among the institutions that ranked below the Bank of Tokyo, the Nikko Securities has come right up to it, while the Sumitomo Seimei, the Long-Term Credit Bank of Japan, the Daiwa Securities, the Yasuda Fire and Marine Insurance, and the Nippon Credit Bank surfaced among the top 20 for the first time since 1971.

It may be that new forms of financial institutions, unimaginable at present, may catch up with and outstrip the Bank of Tokyo in the future. These would be in addition to industries which at present are strengthening their role as financial institution, such as consumer finance firms, "white-collar" loan industry, leasing companies, as well as distribution industry, commodity, and information-related industry.

This is the cold fact of monetary revolution.

Progresses made in satellite and optical communications, and in electronics have shorten the global distances to near "zero." This will encourage joint participation by finance-related institutions and involvement of non-financial industries. A good example of this is "electro-banking" made possible by the so-called, "new media." This is why there is the trend, in common parlance, toward financial institutions becoming more and more like department stores.

Under these circumstances, the Bank of Tokyo now faces the question of how to make the most of its know-how and foundation, which it has cultivated

over the years as a foreign exchange specialist, and how to cope with international monetary instability.

### Three Directions

Next July, the Bank of Tokyo will be in its 30th year since its conversion during the post-war period to a foreign exchange specializing bank. In preparation for the anniversary, it is now involved in its 4th three-year plan.

Although the details of the plan have not been disclosed, chairman Yasushi Watanabe has announced the following three goals when he assumed his office last June.

1. Project financing
2. Financial advising
3. Strengthening of securities business

"Project financing" refers to the [development of] social capital, such as energy, resources, railroads, roads, etc. It is the consolidation of "infra-structure".

"Financial advising" provides information and advice in the following areas: purchase and merger of industries, business cooperations, special business financing such as raising funds for overseas plant constructions, overseas financial strategies, overseas real estate investment, "financing" of vessels and aircrafts, and financial and tax systems of various foreign countries.

The third item, "securities business"--means exactly that--the business a security company ordinarily engages in by issuing and distributing external bonds and stocks. The Bank's aim here is to strengthen and expand such activities. In fact, it has shown some good results in this area.

The more outstanding cases which the Bank has handled recently in the area of project financing include the construction of a new railroad in the West coast of the United States, the development of general and coking coal resources and of natural gas in Australia, coking coal in Canada, oil and coal in China. The Bank has played a major role in all of these projects.

Concerning securities business, as seen in the graph [No. 3], a survey has shown that the Bank of Tokyo has come close to the Nomura and the Daiwa Securities in terms of the number of cases of bond issues in the Euromarket. In terms of monetary value, also, one source has reported that the Bank has moved up from the 76th in 1981 to the 27th place in 1982 in worldwide ranking.

In FY82, the Bank served as assistant manager for the entire 15 cases of government guaranteed bond issues. In the 0.3 billion dollar floating rate bond issue offered publicly by the Malaysian government, the Bank became the first Japanese owned overseas securities corporation to accept the post of the chief manager in the Euromarket.

This, however, does not call for optimism. Looking at the situation in Japan, one notes that other Japanese financial institutions are making inroads overseas.

Especially noteworthy are the moves made by the Industrial Bank of Japan. Since the arrival of chairman Ikeura, it has been vigorously expanding its overseas projects and securities businesses. And, in several projects including ones in China, it has cut into the territories held by the Bank of Tokyo.

The Long-Term Credit Bank of Japan, the Sumitomo Bank, the Nomura Securities and the Daiwa Securities are also the Bank's fierce competitors.

Concerning the issuance of bonds by Japanese owned overseas companies, connections within Japan naturally seem to favor one competitor over another. This is one of the reasons the Industrial Bank of Japan has been making good showings.

As of the March 1982 accounting term, the number of creditors which ranked their financing banks first was as follows: the Bank of Tokyo, 13 companies; the Industrial Bank of Japan, 174 companies; the Long-Term Credit Bank of Japan, 73 companies.

Moreover, the companies whose major correspondent bank is the Bank of Tokyo were Kanematsu-Gosho, Fuji Kosan, Nozaki & Co, Yuasa Trading Co, and Showa Sangyo, etc, all of which compare unfavorably with those held by the Industrial Bank of Japan and the Long-Term Credit Bank of Japan.

It is needless to compare [these companies] to industries related to ex-zaibatsu.[financial clique].

Of course the Bank of Tokyo is trying to cut into the issuance of bonds of Nissan motor, Hitachi shipbuilding & Engineering and others which have stronger ties with other banks. However, there is no need now for any detailed explanation of existing weak links between the Bank of Tokyo and major Japanese industries.

#### Road to Financial Technology Group

On the other hand, with respect to companies ranking their financing banks as second and below, the Bank of Tokyo has a remarkably large number of creditors. As of the March 1982 accounting term, it held 555 companies, not significantly different from the number held by the Industrial Bank of Japan and the Long-Term Credit Bank of Japan.

The second and lower banks, in comparison to main banks, tend to fall behind in obtaining information, on their creditors. Some would criticize that because of this, the non-main banks are unable to manage the finances dynamically, thereby logging behind the main banks. But, according to the Bank of Tokyo, "not being a major bank is an advantage" to them and it is



for this reason that they have been emphasizing their work in "financial advising," the central of the three pillars mentioned above.

This January, the Bank officially established the financial advising work as an independent unit called, International Finance Development Room. It is said that the Room now receives an inquiry every three days.

It is said that not only growing but unlisted companies with no specific major correspondent banks, but also major corporations with ex-zaibatsu connections are approaching the Bank of Tokyo with inquiries because of its neutral stance.

The Bank hopes to develop this operation as a forerunner to its financial technology group. Indeed in the age of electro-banking, its small number of offices in Japan may no longer be a disadvantage. The problem is whether it can provide customers with its own independent information service. If it can, the Bank's goal to form a financial technology group by taking advantage of its overseas network, foundations and know-how would be a step in the right direction.

"T" QC ["The Bank of Tokyo's" Quality Control]

"There are no banks specializing in foreign exchange in advanced countries. It is strange that Financial System Research Committee has not looked into this." "The Bank of Tokyo's travellers checks are not always accepted, even in Europe and America." "The Ataka case was typical. The Bank of Tokyo is always making excuses." "Its system of appointing its chairmen alternately from former Minister of Finance officials and career bankers is discouraging to its employees." "The Bank of Tokyo has more mysterious documents than any other banks." "There is factional strife between New York, London, and other factions." Etc. These are various criticisms aired against the Bank of Tokyo. Some of them are understandable, but others are mere scandalous remarks or ill-willed rumors.

One underlying theme, however is the Bank's poor public relations, which has contributed to its bad reputation. At worst, it is the fault of secretism and its bureaucratic nature. While it cannot be asked whether this comes from its pride of being the foreign exchange specializing bank with a history going back to the Meiji Era or from the need for secrecy which the nature of its business requires, it must change its image if it wants to compete successfully in this age of [rapid exchange of] information among financial institutions.

This image change will lead to better awareness within the Bank and to its reorganization. It is probably to this effect that there is now among the financial institutions a heightened enthusiasm for TQC (total quality control) and CI (corporate image change strategy).

In light of such moves seen in other financial institutions, it is hoped that the Bank of Tokyo will come up with its own "T" QC [The Bank of Tokyo's quality control].

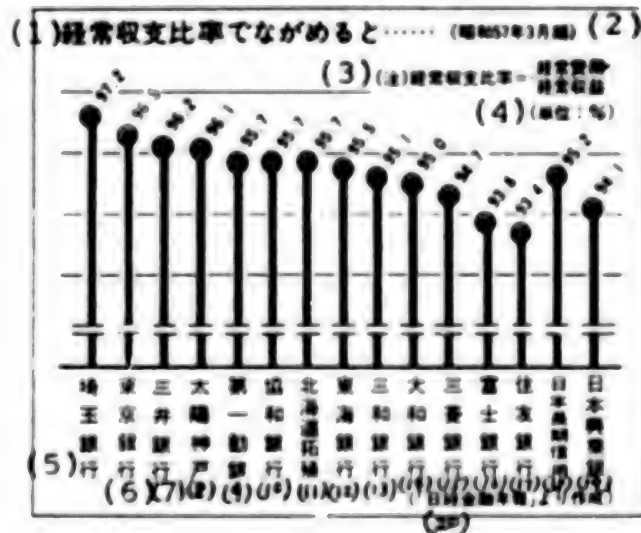
In order to supplement itself quantitatively and to absorb its debentures acquired during the days when huge volumes of government bonds were consumed, it is rumored that the Bank of Tokyo will join hands with the Kyowa Bank. Whether it will do so or whether it may involve itself more closely with other banks in the future, what should not be forgotten is its work, as symbolized by the aforementioned move to form a financial technology group, to strengthen and expand itself qualitatively.

The quality approach is also critical as a measure against international monetary anxiety, in itself an urgent issue.

As of FY83 settlement, the Ministry of Finance approved the establishment of a taxable, non disclosable reserve for loss from external bonds. This has touched off criticism from private sectors, claiming that "such a move will make banks' syndicated loans like the ones used by IJPC (Iran-Japan Petro Chemical) which IJPC lead to shelving of claim, and mark the beginning of government subsidy." But increasingly more voices are heard saying that [the Ministry of Finance], following the examples of American financial institutions, should take measures that would strengthen [the banks] qualitatively.

One need not believe such malicious gossip as "the Bank of Tokyo, taking advantage of its special position, took for granted that the government will bail it out in emergency and made huge overseas loans. With this, other Japanese banks followed." One, however, does wish that the Bank of Tokyo and other Japanese financial institutions will try to make antonomous efforts to strengthen themselves qualitatively.

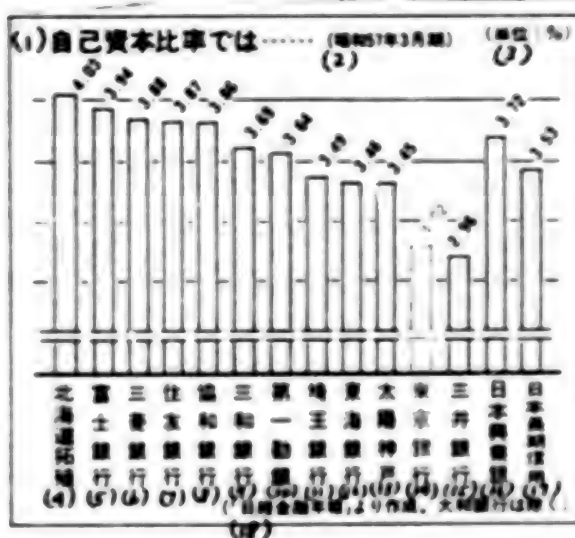
Graph No. 1



1. Ratio of current income to current expenses
2. (the March 1982 accounting term)
3. (Note) Ratio of current income to current expenses =  $\frac{\text{current income}}{\text{current expenses}}$

4. (unit: ¥)
5. The Saitama Bank
6. The Bank of Tokyo
7. The Mitsui Bank
8. The Taiyo Kobe Bank
9. The Dai-Ichi Kangyo Bank
10. The Kyowa Bank
11. The Hokkaido Takushoku Bank
12. The Tokai Bank
13. The Sanwa Bank
14. The Daiwa Bank
15. The Mitsubishi Bank
16. The Fuji Bank
17. The Sumitomo Bank
18. The Long-Term Credit Bank of Japan
19. The Industrial Bank of Japan
20. (compiled by "Nikkei Annual Finance Report")

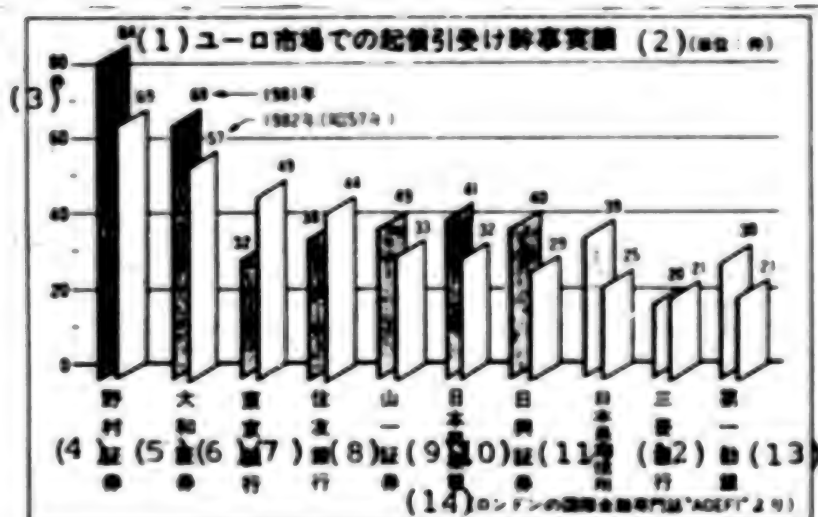
Graph No. 2



1. Ratio of net worth to total capital
2. (the March 1982 accounting term)
3. (unit: %)
4. The Hokkaido Takushoku Bank
5. The Fuji Bank
6. The Mitsubishi Bank
7. The Sumitomo Bank
8. The Kyowa Bank
9. The Sanwa Bank
10. The Dai-Ichi Kangyo Bank
11. The Saitama Bank
12. The Tokai Bank
13. The Taiyo Kobe Bank
14. The Bank of Tokyo
15. The Mitsui Bank
16. The Industrial Bank of Japan
17. The Long-Term Credit Bank of Japan
18. (Compiled by "Nikkei Annual Finance Report" The Daiwa Bank is excluded)



Graph No. 3



1. Performance of managers accepting issuance of bonds in Euromarket
2. (unit: cases)
3. cases
4. The Nomura Securities
5. The Daiwa Securities
6. The Bank of Tokyo
7. The Sumitomo Bank
8. The Yamaichi Securities
9. The Industrial Bank of Japan
10. The Nikko Securities
11. The Long-Term Credit Bank of Japan
12. The Mitsubishi Bank
13. The Dai-Ichi Kangyo Bank
14. (from the "AGEFI," a London International finance journal)

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## ECONOMIC

### EFFECT OF VTR EXPORT RESTRICTION TO EC DESCRIBED

Tokyo SHUKAN DAIYAMONDO in Japanese 5 Mar 83 pp 70-73

[Text] Is Voluntary Restriction a "Divine Wind?"

It was unexpected. Manufacturers' officials in charge of VTR's say "it is sensible." The introduction of "a minimum export price" seems to have been forced by the EC. However, two Japanese VTR manufacturers had requested MITI to do so prior to the negotiations with the EC Commission.

"The VTR issue," a symbol of Japan-Europe trade frictions, was settled for the time being by Japanese "voluntary export restriction." EC Commission Vice Chairman Davignon and MITI Minister Yamanaka agreed in the negotiations on 13 February that Japanese VTR exports to the EC would be regulated by the Japanese government's administrative guidance for the next 3 years.

1. The voluntary restriction is in effect for 3 years starting in 1983.
2. Japanese exports should not exceed 4.55 million sets a year (including semifinished products).
3. The agreement is to be applied so that European manufacturers' production and sales will reach 1.2 million sets.
4. Market increases will be shared in 1984 and 1985.
5. The minimum export price provision of the export and import trading law is to be invoked.

Executives of the Japanese manufacturing companies could not hide their dissatisfaction over the items agreed upon between Japan and the EC. Examining last year's trends in the world VTR market as a whole, however, we can find unexpected merits in the agreement for the Japanese manufactures. Last year, Japanese VTR exports to the EC reached 4.95 million sets, a large 73.3 percent increase over the previous year. Exports to the EC accounted for approximately half of all exports. This offered a contrast to the 5.5 percent increase in exports to the United States to 2.55 million sets.

Last year's world VTR market opened with a sluggish U.S. market. Japanese manufacturers had approximately 600,000 sets in stock at the distribution stage alone, and almost 1 million sets in total inventories. The Japanese manufacturers competed fiercely for market share. Then, the Japanese

manufacturers, that were burdened by surplus production capacity, all shifted their exports to Europe, which resulted in "a torrential downpour of exports." The European market, however, remained favorable only for the first half of the year. In the latter half, the situation completely reversed. As inventories increased, price competition intensified like a prairie fire spreading across an empty field.

One manufacturer offered a rebate of \$50 per unit, and another offered a 60 percent discount. Profit margins dropped sharply. Some dealers' profit margins became even lower than those for audio equipment, where price competition was also fierce. The average unit export price last year (January-December average) was 101,330 yen (according to customs clearance data). In December, however, the average unit price was 87,829 yen, down 13 percent. Moreover, the average unit price of VTR's exported to the EC was 94,904 yen (annual average), whereas it was 78,762 yen, 17 percent less, in December. At this price the manufacturers could not make a profit. Competition became so fierce that some manufacturers even dropped the price below 70,000 yen. In this situation, West Germany filed dumping charges against Japanese manufacturers, and France started imposing import restrictions at Poitiers. It was the Japanese manufacturers, however, that were exhausted by sales competition and ever more severe competition for market share. The episode concerning Japan-Europe negotiations cited at the beginning of the article proves the hardship of the Japanese manufacturers.

At present, inventory adjustment in Europe is reportedly proceeding at a faster pace than anticipated, and "the end is almost here" (Matsushita Electric Industry). In addition, the minimum export price was set at approximately 70,000 yen (fluctuating depending on the exchange rate). This is the best chance Japanese manufacturers have to stabilize and normalize VTR exports to the European market. Correction of excessive competition was the largest issue concerning the VTR exports to the U.S. market last year, as in the case of the European market this year. However, "competition is still fierce and profit margins continue to decline" (Keiichi Takaoka, president of America Matsushita). Considering the condition of the U.S. market, enforcement of "voluntary restrictions" on exports to the European market can be considered a "divine wind" for the Japanese manufacturers.

On the other hand, Japanese manufacturers can no longer compete on the basis of price in the European market. Therefore, higher level "product and sales plans" seem to be needed in order to acquire market share in Europe.

Akio Tanii, senior managing director of Matsushita Electric Industry, said early in the year and prior to the agreement on voluntary restrictions: "This year's VTR exports to Europe will decrease by approximately 10 percent. We should reconsider the way we compete. We should no longer compete only in quantity and price as was the case in the past." Each manufacturer already has seriously reexamined its production and sales plans. Products plans and sales promotion methods are being converted from the previous regional strategies to country-by-country approaches and becoming more detailed. Generally speaking, in the case of VTR's, over 200 types are needed for

overseas markets if 10 types are needed for the domestic market in a year. Reorganization of a large number of staff personnel will be required in order to structure product lineups on a country-by-country basis.

Manufacturers that cannot cope with this sort of qualitative strategy will lose competitiveness and drop out of the VTR war. The gap between manufacturers, which has shrunk as VTR production has greatly expanded in quantity, will tend to widen again this year when the market passes the turning point.

#### A "Quota" Involving Manufacturers' Intentions

Some 4.55 million sets.... The number of VTR's to be exported to the EC has been reduced by 400,000 sets from last year. This is certainly a stern reality. The situation could become more difficult depending on the moves of European manufacturers in the future.

The framework of 4.55 million Japanese VTR's for export to the EC was computed on the assumption that the European manufacturers--Philips and Grundig--would be able to retain production and sales of 1.2 million sets. In other words, if it is anticipated at scheduled checks that the European manufacturers' production and sales cannot reach 1.2 million, the framework of 4.55 million will be further reduced. In the case of the "V-200," a VTR, 800,000 sets were produced by Philips and Grundig last year. It supposedly holds a 17 percent share in West Germany, and approximately a 10 percent share in Europe as a whole. These European manufacturers are supposed to increase production capacity by 50 percent to 1.2 million sets annually. Many industry sources say that they "cannot but doubt that this goal will be reached."

While threatened by the ghost of the European manufacturers, MITI and the Electronic Equipment Manufacturers Association have begun working on allocation of the 4.55 million sets to each manufacturer. Depending on how the allocation is made, the burden of voluntary restriction on each manufacturer will vary. Therefore, manufacturers are casting hot glances at the work of allocation.

The first meeting was held on 17 February. At this meeting, the manufacturers only confirmed that the allocation would be in accordance with past records of VTR exports to the EC.

The task of allocation is complicated, first of all, by each company's desire to use a different period of record. The general view is that the base period should be the most recent year. At the first meeting, however, some companies reportedly suggested the last 3 years. A base period of 3 years back to 1980 would give Victor, Matsushita, and Sony an overwhelming advantage. These early starters monopolized the EC's VTR market in 1980-81. Therefore, other manufacturers are strongly opposing selection of the export record for the last 3 years as a base.

If the allocation is based on the records of the past year, each manufacturer's quota would be as follows (manufacturers have not made public exact numbers for VTR production and exports to the EC; the following figures are estimates made by the editorial staff based inquiries to the manufacturers and our investigation):

	<u>Number of units in millions</u>	<u>Share %</u>	<u>Decrease from last year in millions</u>
Victor	136	30	-14
Matsushita	66	15	- 8
Hitachi	46	15	- 6
Sharp	35	8	- 3
Mitsubishi	28	6	- 2
Sony	41	9	- 4
Toshiba	28	6	- 2
Sanyo	46	10	- 6

Naturally, the effect on Victor, which exports approximately 70 percent of its total exports to Europe, is great. Moreover, a second question is how to treat OEM units and locally produced VTR's within the 4.55 million framework. Approximately 50 percent of Victor's exports to Europe are OEM. In addition, the number of Japanese VTR's assembled in the EC is said to be approaching 500,000 sets this year. Of the 500,000 sets, Victor is assumed to produce approximately 400,000. If OEM and local production are considered on an equal basis, Victor's export of VTR's under its own label, which are more profitably, will be reduced by a large margin.

After the voluntary restriction was agreed upon, Shizuo Takano, managing director of Victor, expressed his painful feeling: "It is really regrettable that the quota includes semifinished products intended for local assembly." Victor wants a separate framework for semifinished products intended for local production in determining allocations. This is the true intention of Victor.

MITI has indicated its intention to proceed with the task of allocation regardless of the degree of contribution that OEM sales and local production make to the EC. Not only Victor but also Matsushita and Sony, which already have started producing VTR's locally in Europe, will strongly request a separate framework. The United Kingdom and West Germany, on the other hand, strongly opposed inclusion of semifinished products intended for local production in the 4.55 million framework. They are requesting this approach to maintain local production. Therefore, it cannot be predicted what method will be adopted to allocate quotas.

Compared with Victor, on the other hand, Matsushita and Hitachi have higher dependence on the U.S. market (approximately 31 percent each) for exports of VTR's. They supply more OEM units to U.S. companies, although they have adopted the same VHS system. Therefore, the burden resulting from voluntary restriction is said to be lighter for Matsushita and Hitachi. This



voluntary restriction has completely changed the previous battle order in the VTR war--VHS vs Beta--and will widen the gap between manufacturers.

#### A Minus Growth in Value This Year

The Japanese VTR industry recorded double-digit growth last year. Total production was 13 million sets (a 36 percent increase over the previous year), and total sales were worth 1.28 trillion yen (an 18 percent increase over the previous year). On the other hand, the year saw various problems. The sparks which fell on the industry in Europe revealed only part of the problems.

The slump of Sony, the leader of the Beta camp, is symbolic. Sony achieved a peak monthly production of 210,000 sets in the fall of 1981. By the end of last year, its monthly production had dropped to around 130,000 sets. Sales of VTR's for the 6-month periods beginning with the latter half of 1981 were 160.3 billion, 201.9 billion, and 185.8 billion yen respectively.

Manufacturers, including Sony, decreased production in the second half of last year. However, they could not escape from the competition for market share into which they had already plunged deeply. Even though they lowered standard prices and adopted an open price system, they could not put a brake on the market share competition. In addition, a 10 percent domestic commodity tax was levied. Consequently, the earning power of the manufacturers has declined. Last year's average unit production cost was 98,615 yen. Moreover, it declined sharply in the latter half of the year. The December figure was 90,000 yen.

The production departments were confused. Estimated total production for the year was revised downward from 13 million sets to around 12 million sets at midyear. Nevertheless, with a large production capacity--currently exceeding 1.5 million sets a month--in the background, every manufacturer kept producing. In the end, last year's total output reached 13 million sets. The industry was in a slump, beginning with a slump in demand for color television sets. This condition did not allow the manufacturers to refrain voluntarily from producing more VTR's.

Although production of VTR's increased at a rate of 50-100 percent in the first half of last year, it completely reversed and declined in the latter half, primarily because of inventory cutbacks overseas. Because of the lack of planning for production, the manufacturers ended up strangling themselves at the neck by their own hands. Instructions to production departments were repeatedly revised up and down. Cost reductions also were decided upon exclusively by higher levels. An executive of a parts maker said: "We could not predict orders at all. Moreover, we suffered from cuts in orders and manufacturer's demands for price reductions of more than 10 percent." In such a confused market, product life cycles became extremely short.

In 1983, which began with these problems, the industry forecasts a total production of 14 million sets (an 8 percent increase over last year) and total

sales of 1.225 trillion yen, which would be its first instance of minus growth. The average unit price is expected to drop to around 87,500 yen. This year's biggest question concerning the VTR market is naturally how to stop the rate of return from falling. Industry people are all saying: "This year we must somehow make the falling rate of return bottom out." However, the prospects for doing so do not seem bright.

#### Worsening Market Again

Restrictions on exports of VTR's to the EC actually trigger more aggressive competition for sales within Japan and the United States.

Masaaki Morita, vice president of Sony, which has been suffering from inventories worth 360 billion yen on a consolidated basis, said: "We do not want to be forced to allocate what we lose in Europe to Japan and the United States. Our production target--2.2 million sets (Sony's production target for this accounting period)--is something like a weather forecast." The rate of increase in industry production as a whole certainly is not so large. Individually, however, some manufacturers are planning to make large increases in production.

For example, Sanyo Electric is aiming for a large increase, from 1.54 million sets to 2.22 million sets (including production by Tokyo Sanyo). Sanyo's first objective is to increase its domestic market share, which now is only 5 percent. "We have great expectations" (Yasuaki Takana, managing director) for the types of products that can become the aces of the Beta camp this year, such as the Beat Mini (a portable) and the Beta Hifi.

These types of products are also high value-added products, and therefore, Sanyo intends to make them its pillars for increasing earning power.

This year's domestic market is anticipated to expand from 2.3 million sets to 3.1 million sets. At present, however, the tendency for prices to fall has been strengthening. In Akihabara, VTR's are sold at 30 percent discounts on the average. As if in response to this, some manufacturer-affiliated retail stores are engaging in a sales war by discounting 35 percent. Every manufacturer says that "the domestic situation for December through January was very good," and therefore is betting on this year's domestic market. The actual condition, however, is that domestic purchasing power has not strengthened enough to allow both volume sales and a stabilized rate of return to coexist.

The same can be said about the U.S. market. After a year of inventory cutting, inventories have finally been normalized. Nevertheless, the sales competition is still fierce. Mr Takeoka, president of America Matsushita, explained: "VTR's are a hot item among home electric appliances. We expect the market to increase by about 27 percent this year, too. However, the price cutting wars are continuing and the rate of return has been falling. Although VTR's should be an attractive business, they are losing profitability."

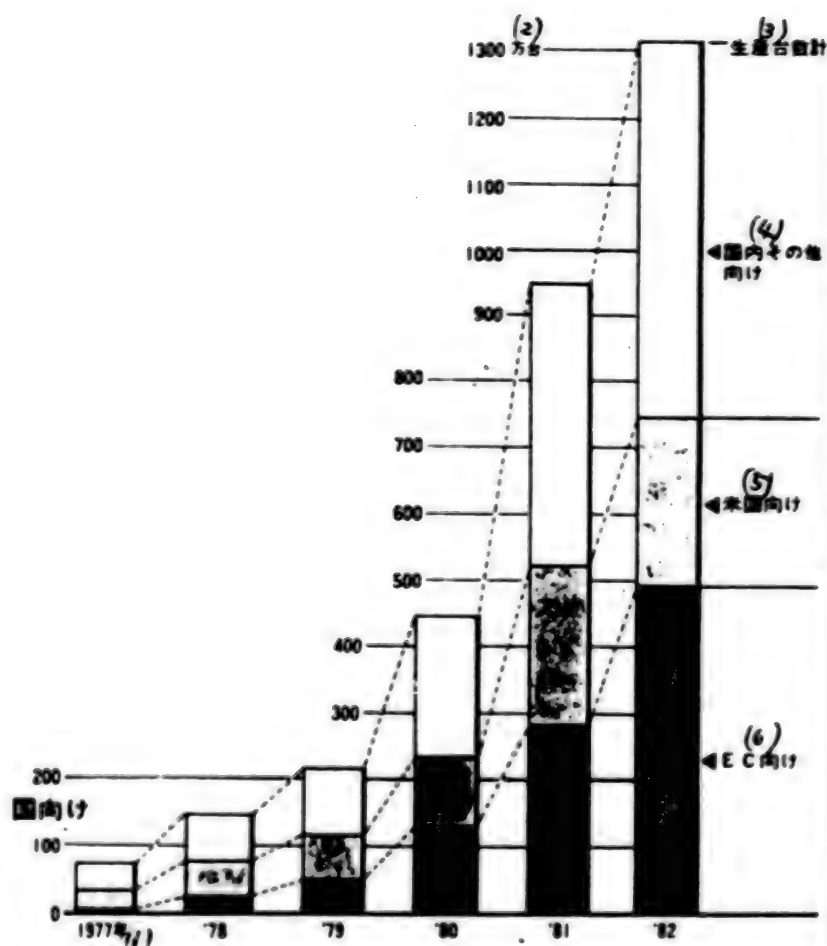
Moreover, he is careful to note that the economic situation remains severe. Even if the economy recovers, it will not be until the latter half of the year.

In last year's U.S. market, Matsushita held the largest share at approximately 26 percent, including OEM sales to Quasar. This year RCA has contracted with Hitachi for an additional 400,000 sets on an OEM basis and has already indicated its intention to challenge Matsushita. Furthermore, Tokyo Sanyo has announced plans to sell an additional 270,000 sets. The competition has already begun in the U.S. market. If other manufacturers all go into the market to compete, it will only create a recurrence of last year's less-than-cost bargains due to a sudden increase in inventories.

At any rate, in the case of Japan and the United States, it is true that the market foundation still remains "uncertain" (Sony). Being forced to reduce sales volume, those manufacturers that cannot come up with new products or sales strategies may drop out of the European market. If those manufacturers start aggressively selling in the domestic and U.S. markets, it will only worsen the condition of the markets through excessive supplies, sudden increases in inventories, and price competition.

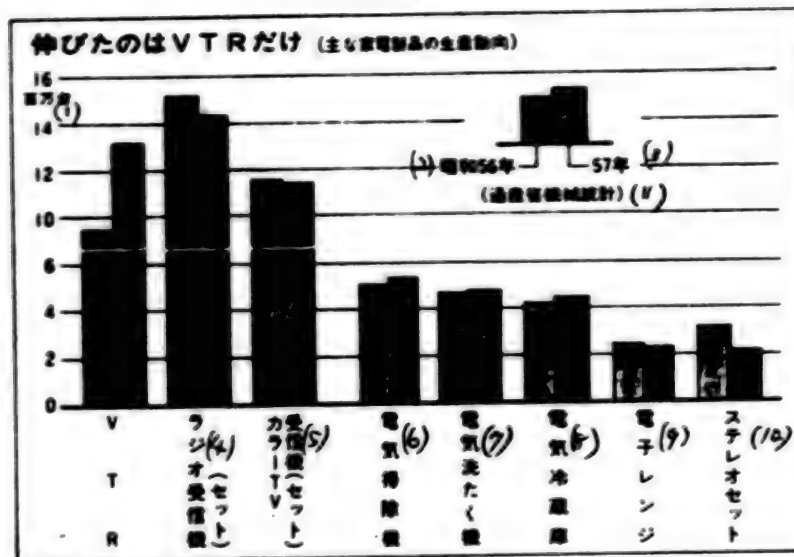
Once the markets start sliding downhill, it will involve the larger manufacturers in the price competition and thereby lower rates of return even further. This is the pattern of competition repeated so many times in the home appliance industry. In such a case, this year's goal of putting a brake on the declining trend in rates of return will never be realized.

VTR's are the biggest product of the home appliance industry, surpassing color television sets. Their sales had been growing rapidly until last year. Every manufacturer has depended heavily on VTR's as a "source for food." The markets for earlier home appliances and audio equipment have been completely saturated. On the other hand, the industry still cannot see the time when future products such as compact disks and video disks will contribute to the industry's business performance. The excessive competition for VTR sales that has been going on in these situations, and the minus growth resulting from it, will lock the home appliance industry in a longer severe "winter."



VTR Exports: Sudden Increase to the EC and Sluggish to the United States  
(Production and Export Trends for Japanese VTR's)

KEY: (1) Year  
(2) 10,000 sets  
(3) Total production  
(4) For the domestic market and others  
(5) For the U.S. market  
(6) For the EC market



Only VTR's Increased (production trends of principal home appliances)

- KEY: (1) 1 million  
 (2) 1981  
 (3) 1982  
 (4) Radio receiving apparatus (sets)  
 (5) Color television receiving apparatus (sets)  
 (6) Electric vacuum cleaners  
 (7) Electric washing machines  
 (8) Refrigerators  
 (9) Microwave ovens  
 (10) Stereo sets  
 (11) MITI Machinery Statistics

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CSO: 4105/174



## ECONOMIC

### AID TO DEVELOPING COUNTRIES ANALYZED FROM GLOBAL STANDPOINT

Tokyo SHUKAN DAIYAMONDO in Japanese 2 Apr 83 pp 66-71

[Article by Saburo Okita: "Why Now the Theory of Japan as a Santa Claus"]

[Text] World Recession Has Reached Southeast Asia

Prime Minister Nakasone plans to visit ASEAN countries starting at the end of April.

I happened to visit Manila and Jakarta this January. In Manila, the Pacific Trade and Development Conference, an annual conference of economists from the Pacific region, was held. I attended its 13th annual meeting, for which the energy issue was the theme. I had an opportunity to see President Marcos. The subjects we discussed were primarily the energy issue and world recession. In Jakarta, I met individually with Mr Widjojo, coordinating minister for economics, finance, and industry, and several other cabinet members and learned about the problems Indonesia was having.

Before that, I attended a conference in Kuala Lumpur last August and learned about the relationship between the economies of the ASEAN countries and Japan. When Mr Takeo Fukuda and I met Mr Mahatbir, the prime minister of Malaysia, we heard about his look-East policy.

After Malaysia, I went to Singapore and discussed primarily economic issues with Deputy Prime Minister Goh Keng Swee for about 1 hour.

This year the influence of world recession has been gradually spreading to Southeast Asia. ASEAN countries seemed to have high economic growth until 1981. Starting around last summer, however, the world recession began to have a considerable effect on those countries. In Singapore and Malaysia the international balance of payments and financial management situations have become rather difficult.

Deputy Prime Minister Goh of Singapore told me that Singapore would be in great difficulty should the recession last another 18 months. Since that was last August, in other words, Singapore would be in great difficulty should the recession continue throughout 1983.

In Malaysia, on the other hand, prices of primary commodities have been declining. The decline affects the international balance of payments. Moreover, because the budget has been largely related to exports of special products, the prime minister was concerned that the country would have a considerable fiscal deficit. Since I was asked to give a lecture by the UN APDC (Asian Pacific Development Center) in Malaysia, I spoke about the Southeast Asian economy and world recession. On that occasion, I said: "From the viewpoint of business cycle theory, it is impossible for a recession to last forever. After a certain period, the time for recovery will come."

Then, someone said: "Isn't that a slightly overoptimistic view?"

The Philippines is also in debt. This is due to sluggish sales of special products such as timber, copper, and copra. In particular, it is a consequence of having a large stock of copper. The Filipinos asked me whether or not they could get Japanese aid to finance copper stockpiling. Considering the technical problems accompanying Japanese aid, assistance to the Philippines is unlikely to materialize in such a form. At any rate, the Philippines has used a considerable sum of money for geothermal power generation and other energy development. In addition, it has been engaged in domestic development. For this reason, the debt amounts to \$20 billion.

In the case of Indonesia, oil is not doing well, in either price or quantity. Due to the influence of drought, rice production will be worse than last year. Exports other than oil are stagnant. In fact, they are decreasing. This is due to a fall in the prices of primary products. However, this is also due to the influence of worldwide recession. In the case of Indonesia, 80 percent of foreign currency earnings come from oil exports. The government depends on oil for 70 percent of its fiscal revenue. Therefore, the influence of world recession seems to be great. Indonesia strongly requested Japan "not to reduce the percentage of Japanese oil imports from Indonesia, although it could understand that Japanese oil imports would decrease in absolute terms." In fact, Indonesia's share of Japanese oil imports was 14-15 percent in 1981, but it dropped to 12-13 percent last year.

Concerning the world economic situation, an international conference on anti-recession measures was held at the Institute for International Economics in Washington last November. A summary of its report was translated and published in Mainichi Shimbun's EKONOMISUTO. I think this report will have a considerable influence on the United States and Europe. In other words, this is an early report dealing directly with antirecession measures, and moreover, it is written as worldwide antirecession measures from a global point of view. At the conference, some argued: "The United States should lower interest rates. In Japan and the European countries, those who can should take stimulatory economic measures as much as possible. If there are many little locomotives here and there and if they all join to go in one direction, it may create an opportunity to turn the world economy from decline to a rising trend."

In regard to Japan, the following was said. People could understand Japan's financial difficulty. However, policies have their order of priority. The kind of measures that Japan, whose GNP is one-tenth of world GNP, takes will

have a great influence on the recovery of the world economy. In order of priority, Japan should place emphasis on economic stimulatory measures. Then, after an economic recovery is accomplished to a certain extent, Japan can increase fiscal revenue to reduce its fiscal deficit. If Japan reverses the order, it will further accelerate the world recession.

Finally, this February a closed brainstorming session was held at the United Nations in New York. Its theme was "how world recession, low growth of advanced nations in particular, affects countries in the southern hemisphere, and what measures are necessary to counteract it." The session was initiated by Mr Sujatomoco [phonetic], president of the UN University, and attended by the secretary general and other leading officials of the United Nations.

#### Measures To Prevent International Monetary Uncertainty

Another topic--whether or not an international monetary crisis would occur--was discussed at a conference held in Washington last fall. Mr Butcher, chairman of Chase Manhattan Bank, who was attending the conference as a panelist, said: "The issue of finance is a shadow of the real side of the economy. The real side means production and trade, and finance is their shadow. Therefore, we cannot keep sustaining borrowing countries with money unless the real side recovers. An economic recovery is necessary. Even if banks keep lending money to borrowing countries and sustaining them, we will eventually fail to make a bridge unless the borrowing countries' exports increase. We, all of us, must make efforts to improve the world economy. That is also a necessary condition to prevent an international monetary crisis."

Generally speaking, this is an important point. It is also related to the comment of Deputy Prime Minister Goh of Singapore that Singapore would be in big financial trouble should the world recession last longer. In the advanced nations, the number one public enemy has been said to be inflation. Now, it is not the only enemy. Recently, the number one public enemy has become recession. Antirecession measures have become more necessary. This has been argued at considerable length. Some have said that we should not implement antirecession measures in too manipulative a manner. Others have said that an international monetary crisis would occur if we did nothing.

Gradually, however, views are changing in the United States. The United States is now thinking that antirecession measures are necessary. If the situation continues as it is, American banks may suffer great losses. The world economy needs to improve, and world trade needs to expand. Last year's world trade showed a minus growth. That is bad. This issue has gradually become the concern of every country.

In regard to economic stimulatory measures, there is a possibility that the U.S. economy will recover to a certain level. The inflation rate is at the 3-percent mark. U.S. interest rates have been declining little by little. The stage for an economic recovery has been prepared to a certain extent. However, the stage may not be very strong.

Every country should cooperate in antirecession measures. We should not suddenly decrease loans to developing nations.

Last year the loans of private financing institutions to Latin American countries decreased by half from 1981. The interest rate on the rescue loans to Mexico was lowered by 2-3 percent. However, a 2-3 percent premium was added. That was, in other words, a risk charge. Including the premium, the interest rate on loans to Mexico is around 13 percent. If financing institutions become too strict, their loans will become doubtful.

In regard to this problem, we must consider the problem of insolvency and temporary shortages of funds separately. If banks are too tight, loans that could be repaid if banks sustained them for a while will also become bad loans.

In his paper on worldwide antirecession measures published in NEWSWEEK on 24 January this year, Mr Kissinger wrote as follows: If every country in the world tries hard to increase exports and cut imports, who will import? Therefore, although it may be a good prescription domestically, it is not correct from the global point of view. It would worsen the world recession. The advanced nations must try to increase imports to a certain degree. In regard to interest rates that have become too high, a way to convert to long-term loans must be developed.

The United States agreed to increase IMF funds by 50 percent. Debtor countries can now borrow from the IMF. But I still think that funds are short. I believe that an increase in IMF funds is necessary. Such a thing can also be an antirecession measure or an international monetary measure.

Considering economic stimulatory measures from Japan's point of view, measures generally considered are tax cuts, increases in public works, and measures to activate private sector investment by lowering interest rates. These are all necessary as domestic antirecession measures. However, the feasibility of a tax cut under the current fiscal deficit is questionable. Public works are also difficult since they cause an increased fiscal deficit. However, it is necessary to consider timing. After the recession becomes too serious, the wounds would be serious.

What Does Santa Claus Have in His Bag?

Another measure that has not been discussed much is aid to developing nations. There my theory of Japan as a Santa Claus applies.

If the present situation persists, every Southeast Asian country will try hard to cut imports and increase exports. Indonesia is attempting to enforce its well-known counterpurchase link to imports. Visiting ASEAN countries, I have noticed that their expectations of Japan have strengthened substantially.

Japan promised South Korea aid worth \$4 billion. Japan also promised Malaysia aid worth 70 billion yen. Therefore, the Philippines, Thailand, and Indonesia all consider it legitimate to ask Japan to consider their aid requests, too. In this situation, Japan's prime minister will visit these countries. For



this reason, there exists the possibility that Japan is considered a Santa Claus. Then, isn't it better to put in the bag not only aid but also some countermeasures for the world recession? In regard to the content of the aid, however, there are several conditions.

First, if the aid is to have the character of an antirecession measure, Japan must make it clear that the aid to ASEAN countries is temporary, as in the case of aid to Malaysia, and that this year is extraordinary. Therefore, this year's aid cannot be made the basis for additional assistance next year and thereafter.

Second, Southeast Asian countries are doing relatively well among the developing nations in the world and are considered quasi-NIC's (newly industrialized countries). Therefore, I think that interest rates on loans can be raised slightly, depending on the case. The interest rate on loans made by the Overseas Economic Cooperation Fund has been relatively low. However, the money comes from the same source--the people's taxes. If interest rates are raised, the amount of funds can be increased, since the volume of loans that have the characteristic of an interest subsidy decreases.

Judging from the current conditions of Southeast Asian countries, they seem to want to obtain a large sum of loans even if conditions are tougher, rather than loans with very low interest rates.

As a temporary measure, we need to consider commodity aid to a certain extent because the international balance of payments has become an urgent issue. Japanese aid has been primarily project aid such as for construction of dams. This type of aid requires a considerable delay from the time that we promise assistance until the time an aided project starts producing a result.

China cancelled plant imports from Japan 2-3 years ago. I immediately flew to Beijing as the government representative and discussed the matter with Chinese government officials. I tried to persuade them that it would hurt China's credibility. I told them that I could understand China's postponement of large projects, but that they were nevertheless necessary projects in the end. Therefore, total cancellation was questionable.

The Chinese officials said that they really wanted to pursue the projects, but they could not accommodate local financing. If they pursued the projects, the fiscal deficit would become greater and thereby cause inflation. Then, it would become a domestic political issue. Therefore, they could not help but cancel the projects. At that time, I came up with an idea: we would switch a portion of our project aid to commodity aid. China could sell the commodities in China and thereby earn local currency, which would finance the projects. It was an idea similar to the collateral aid that Japan received right after the war.

When I went to Beijing, I was asked by the Chinese officials for some good advice. I remember that I brought up this idea, speaking as an individual economist, not as a Japanese Government representative.



Fortunately, this idea materialized on such a basis, and at present those plant project plans have been gradually restored.

I think it is necessary to consider something like commodity aid to Southeast Asian countries too. At any rate, this year Japan must inevitably play the role of Santa Claus in Southeast Asia, in particular. And we must include the conditions that I have discussed already in Santa Claus' bag.

From the international standpoint, an advanced country's effort to aid developing nations is evaluated as a percentage of its GNP. For instance, one says that official development aid is 0.3 percent of GNP. Japan's rate was 0.32 percent in 1980, but it dropped to 0.28 percent in 1981. Although Japanese bilateral aid has increased, funding for international organizations, the Second World Bank in particular, has lagged. Japan's funding for international organizations declined by approximately 40 percent in 1981. For this reason, total official development aid dropped, and consequently Japan's ratio of official development aid to GNP declined. When Mr Suzuki was prime minister, Japan promised to double aid in 5 years. Unless Japan increases aid as much as possible this year and next, it cannot fulfill its promise. In order to strengthen Japan's image as a country that assumes a certain responsibility in the form of overseas aid, even though it does not spend much money on defense, I think that fulfillment of the promise is important.

#### "Charity Is a Good Investment"

In addition, how to handle developing nations' accumulated debts, which are said to amount to \$600 billion, is a big question. As I said before, this issue is likely to become an extremely difficult problem if the recession lasts very long. It is an aspect of the problems facing developing nations with a different characteristic.

There are some countries too poor even to borrow money, such as African countries south of the Sahara Desert and Bangladesh in South Asia. When people in Bangladesh become unable to feed themselves, they migrate to Assam. Then, people in Assam become unable to feed themselves. This problem of Bangladesh and Assam is truly one of survival.

There are some poor countries in Africa which export primary products. When they cannot sell primary products, they have a shortage of foreign currency. On the other hand, they must pay high prices for imported oil. Consequently, some countries do not have money to import food. At present, the worldwide supply of food is in surplus. But they cannot buy food because they do not have money. There are some countries where starvation is a serious problem. If this condition persists in several countries, people say that social and political disintegration, the phenomenon of collapse, may occur.

In one sense, those countries with accumulated debts are better off insofar as they have the qualifications to borrow money. When they are cornered they take on a threatening perspective, and lending countries have to do something, for their own banks are endangered.

However, this is not the case with the problems of countries that are extremely poor in the true sense. There is no way but to give grants to assist them. Lending money is not sufficient.

Some people in the Japanese Ministry of Finance are of the opinion that we cannot lend money because there is a risk that poor countries will be unable to repay even government loans which have relatively easy conditions. Then, the poorest countries, which are in the biggest trouble, cannot get money. Therefore, we must apply a different rule to those countries.

As for the kind of aid that Japan can offer, we should assist in productive projects as much as possible. Although the aforementioned commodity aid is necessary, projects to increase food production and energy development are also important. They require a considerable sum of money.

When I was working for the Overseas Economic Cooperation Fund several years ago, I prepared "The Plan To Double Rice Production in Asia" together with Mr Kunio Takase, the fund manager. Recently, many countries have put considerable efforts into irrigation.

In fact, rice production in Indonesia has doubled in the last 14 years. Shortly after the Soeharto government was established, I was invited to Indonesia and consulted about various economic plans. At that time, Indonesia's rice production was under 10 million tons, but it reached 22 million tons last year. Although there remain some questions as to whether or not Japanese aid has been used in an ideal form, irrigation dams and fertilizer plants have been built with it. The World Bank has also poured money into various projects. IRRI (International Rice Research Institute), an international research organization located in the Philippines, has developed large producing kinds of rice which were used in Indonesia. As seen in this case, technical and economic aid contributes in various ways.

If developing nations' economies are developed by various forms of aid and their income increases, the progress will be reflected in their trade with Japan. In one sense, "charity is a good investment." If our neighboring countries are not politically stabilized, it will cost us in various ways.

Japan's GNP is very big. Our countries' expectations of Japan have become great.

At present, Japan has the problem of trade friction with the United States and European countries. If Japan is in a position that will be supported by many countries in the world, our position will be strengthened by that much. If Japan is isolated, our position will be weakened by that much. When I visit developing nations, I say: "I think Japan should utilize its economic and technological power on behalf of development, productive works, and constructive works throughout the world as much as possible. That means global development. I think it good for Japan as well as the world." Then, the developing nations say: "If Japan seriously intends to be involved in such a thing, we will give total support to Japan at various international forums."

Concerning the South-North issue, if Japan maintains the position that it is more understanding of the problems of the South than other advanced nations, I think it will benefit our national interest in the long run.

Some say: "Considering the fiscal situation of the Japanese Government, you can't get blood out of a stone. Don't say anything too generous. They will only depend on us." However, because we have this much economic power, we can do it if we try. Moreover, I am not saying we should give them enormous aid. I think this is an area that requires the highest political judgment. We must dare to assume the role of Santa Claus to a certain extent not only in economic but also in the political and diplomatic areas—I think this will coincide with our national interest in the long-term perspective.

First of all, once the Japanese economy has developed to this level, we cannot easily find many areas within Japan where we can invest. In developing countries, on the contrary, there are many things that have to be done.

For example, there is the idea of launching a satellite for Southeast Asia. Mr Sujatomoco, the president of UN University, has the following idea: "How about launching a UN satellite funded by Japan? It will contribute to the UN's work on security. It will strengthen the UN's ability to maintain peace when the United Nations can keep watch over the military movements of various countries. Doesn't it coincide with Japan's objective to exist as a pacifist nation?"

The United States spends 7 percent of its GNP on defense expenditures. Then, it is difficult for the United States to give foreign aid. European countries also spend 3-4 percent of their GNP for defense. Moreover, they are pressed by unemployment, inflation, and competition in manufactured goods from Japan.

Recently, I attended a conference held in Syria. In Syria, the government has a monopoly on importing automobiles. People cannot buy cars unless they apply for and make a deposit about 2 years in advance. In determining what kinds of automobiles to import last year and this year, the government sent a questionnaire to those who wished to buy a car. Taking repair, maintenance, and parts supply into consideration, the government decided to eliminate any model for which there were 800 requests or less from the import list. As a result, 100 percent of the cars imported were Japanese. Syria has a plan to import 27,000 passenger cars a year. When I visited Syria, many new Japanese cars were running there. Because Syria had previously imported automobiles mostly from France and Italy, it seemed to be getting considerable complaints from both countries. The Syrian Government, however, said that France and Italy should not complain, for the Syrian Government decided to import Japanese automobiles on the basis of a democratic polling of people's preferences.

Nevertheless, such an incident will affect the trade friction between Japan and Europe. Therefore, we should not remain too pleased. At any rate, Japan has that much power. Therefore, it is natural for other countries to think that Japan should redistribute its power for the good of the world. With

policies that only consider balance within Japan and proceed steadily in the surest way, Japan cannot win the understanding of the world. I think that we live in such an age.

#### Systematic Building of Human Resources as Technical Aid Needed

Along with technical aid, aid in the area of human resources is naturally required. As I once told Mr Suzuki when he was prime minister, we strongly support foreign aid to build human resources. Observing the present condition of Japan, however, Japan's aid to build human resources may result only in spending money ineffectively unless Japan builds human resources to assist other countries build human resources. Currently, in every field, including agriculture, those who can go overseas and offer technical guidance are extremely scarce. First of all, not so many people can speak foreign languages...

In the budget of Japan International Cooperation Agency (JICA), a small sum of money was recently appropriated to fund the formation of a pool of people who have returned from foreign countries after providing technical guidance. It will fund 10 persons. Although it is still small, I think this is the beginning of a positive policy. Excellent talent will be accumulated in the pool, and they can go overseas whenever a request comes from foreign countries. While waiting for a request, they will study various problems concerning foreign aid. Moreover, they will educate young Japanese who intend to work in the foreign aid field. When I visited Fiji, I met and talked with a Japanese, relatively old, who has been engaged in technical assistance for agriculture and forestry in Fiji. He said: "I have been to various foreign countries through agricultural technical aid programs. I don't know, however, to whom I should transfer my experience. Under the current Japanese system, it is very difficult. In that respect, I feel a great regret."

Because the situations that technical advisers face in foreign countries are quite different from those in Japan, the Japanese expert accustomed to working in Japan will face difficulties in several respects. For this reason, we need experts specializing in overseas technical aid. We must build our human resources to assist other countries build human resources.

Every Japanese prime minister visits Southeast Asian countries and donates money for building human resources. Then, it bounces back to Japan. In other words, Japan should take responsibility for their education, too. However, Japanese universities and research institutions do not have sufficient budgets to accept many Southeast Asian students. Consequently, they go to Europe or the United States to study with the money that Japan gives them. In the sense that Japan's aid has no strings attached, to a certain extent it is good. Nevertheless, Japan should increase the number of Southeast Asian students it can accept and the facilities to accommodate them.

In the case of Malaysia, approximately 50,000 people are studying abroad. Of them, about 300 are studying in Japan. Prime Minister Mahathir said: "Although I say 'look East,' I never mean that Malaysia ought to be Japanized. Neither do I mean to cut off relationships with the West. Because we have been overly oriented to 'look West' in the past, I want to correct the balance."



Even if it takes 10 years, Japan needs to have a systematic plan to increase facilities and manpower so that Japan can accept 10 times more foreign students or technical trainees than the current level. And Japan needs to have a system under which we can train overseas technical aid experts to dispatch to foreign countries. Aren't we now at such a stage?

Otherwise, the precious experience concerning overseas technical aid that Japan has accumulated up to now cannot be utilized fully. It may result in spending money ineffectively. In addition, it may result in Japan's aid funds not being sufficiently utilized to improve Japan's image.

Concerning building human resources, a huge number of requests have come to Japan from just China alone. Recently, the number of countries which wish to learn from Japanese experience is increasing not only in Asia, but also in Africa and South and Central America. They even want people who can dig wells. In fact, Japan's technology in well digging has achieved considerable results in the Vietnamese refugee camps in Thailand.

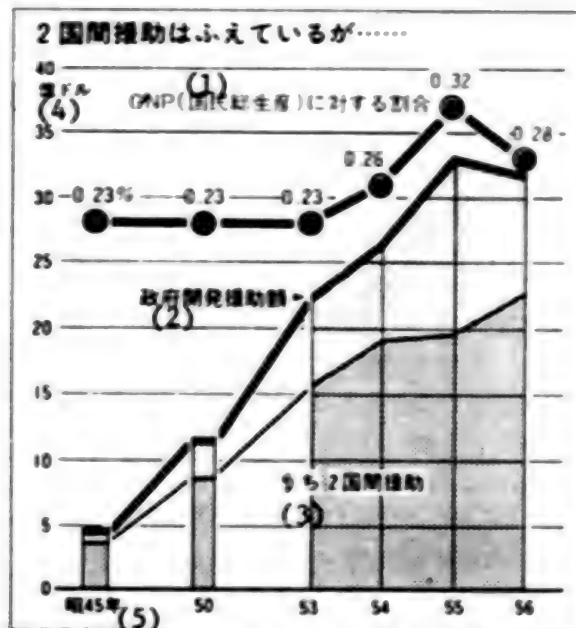
It is regrettable that Japan possesses splendid technology but does not make full use of it for the benefit of the world. Recently, a considerable number of Japanese have been finding their lives worth living in doing such things. In the postwar period Japan has been engaged exclusively in devising ways to restore its war-ravaged economy and developing Japanese industry in order to achieve international competitiveness thereafter. We have tried hard and attained certain accomplishments. Having once achieved this level, however, we must think of ways to utilize Japan's power to improve the world economy.

When the world economy improves, it will naturally be reflected in Japan. We need to look at problems from a larger point of view.

Recently, some people have suggested that it would be effective if we conducted Keynesian policies on a global scale. Moreover, we have the idea of a GIF (Global Infrastructure Fund) suggested by Mr Masaki Nakajima of Mitsubishi Central Research Institute. I think this idea is more useful for the future of mankind than arms races. I think we need to consider not only large-scale plans but also small-scale projects, depending on the needs of other countries. Along with large-scale projects, we should as a practical matter undertake many small projects and forms of assistance to promote development of other countries. We need to have a way of thinking that such things will in the end be reflected in the world economy as well as in the Japanese economy.



Though Bilateral Aid Has Increased....



Key: 1. Ratio to GNP  
 2. Official development aid  
 3. Of official development aid,  
 bilateral aid

4. [unit] \$100 million  
 5. 1970, 1975, 1978, 1979, 1980,  
 1981.

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CSO: 4105/200

MHI, KNI TO DEVELOP AIRCRAFT PARTS FOR DOUGLAS

Tokyo JPE AVIATION REPORT-WEEKLY in English 22 Jun 83 pp 4-5

[Text] Mitsubishi Heavy Industries Ltd. (MHI), Kawasaki Heavy Industries Ltd. (KHI) and New Japan Aircraft Maintenance Co. have decided to develop and produce parts for the McDonnell Douglas DC-9 Super 80 family aircraft at the request of the Douglas Aircraft Co. Division of McDonnell Douglas Corp.

But Fuji Heavy Industries Ltd. (FHI) has turned down the Douglas request for the reason that it finds no technical merit in the deal with Douglas.

MHI will develop the fuselage side of the main wing trailing edge panel using the lightweight Kevlar fiber for the Super 82 in production and the Super 83 under development, while New Japan Aircraft Maintenance will develop crew seats for the two aircraft using composite materials.

KHI will undertake the development of the main wing trailing edge tip and flap hinge cover using carbon fiber reinforced plastics for the Super 90 under development as well as the Super 82 and 83.

The three Japanese firms will negotiate prices, and development and production programs with Douglas in July before signing official contracts possibly in August.

Douglas requested these Japanese aircraft manufacturers in April to take part in the Super 82, 83 and 90 programs while MHI, KHI and FHI were negotiating with Boeing Commercial Airplane Co. on their possible joint development of the Boeing 7-7 as the Japanese-planned Y-XX 150-seat commercial aircraft. The three Japanese firms and Boeing have also been jointly producing the Boeing 767.

The Douglas move is apparently aimed at preventing the Japanese firms cooperating further with Boeing as its archrival.

and also at teaming up with the Japanese for future development of the 270-seat MD-100 competing with the 767 for the DC-8 replacement of Japan Air Lines and the D-3300 competing with the 7-7.

The three Japanese firms' mixed responses to the Douglas request have led observers to fear possible adverse effects on their relations with Boeing, especially regarding the ongoing negotiations on the 150-seat aircraft development.

FHI rejected the Douglas request, explaining that it is not advisable to deal with Douglas while negotiating with Boeing on the Y-XX.

On the contrary, MHI and KHI said it is natural for them to take an interest in deals which could be profitable. But they added they still view Boeing as the most promising partner for the development of the 150-seat aircraft.

Some industry observers expect that MHI and KHI dealings with Douglas could lead Boeing to soften its hardline position in the negotiation with the Japanese on the 150-seat airliner. In fact, the Japanese firms have been embarrassed by Boeing's troublesome proposals in the past negotiations.

CSO: 4300/030

## SCIENCE AND TECHNOLOGY

### NATION TO AGREE TO DEVELOPMENT OF STRETCHED 767

Tokyo JPE AVIATION REPORT-WEEKLY in English 22 Jun 83 pp 5-6

[Text] Japan's Commercial Airplane Co., which represents MHI, KHI and FHI in joint production of the Boeing 767 with Boeing Commercial Airplane Co., is expected to accept Boeing's earlier proposal for development of a stretched 767 at its imminent negotiations with the U.S. firm on a new joint 767 production contract covering years from FY 1985.

Boeing has proposed the development of the stretched version of the existing 211-seat 767-200 in a bid to increase orders for the 767, which have been slackening amid the serious worldwide airline recession. The stretched version with 254 seats is designed to compete with the Airbus Industrie A300-600 with 267 seats, especially on the South-east Asia market.

KHI, MHI and FHI have taken a negative attitude toward the proposal, which could require them to purchase massive new equipment. If the forward and rear fuselage sections of the 767 are extended each by 110 inches as Boeing has proposed, MHI and KHI, undertaking production of these parts, would have to invest nearly ¥3,000 million each in new equipment.

To minimize new investment, they have proposed insertion of plugs into the fuselage sections instead of stretching the sections, differing with Boeing over the stretching.

But Boeing is expected to make flexible proposals regarding the method of stretching the 767 fuselage at the coming negotiations, while the Japanese firms acknowledge that the stretched version should be added to the existing 767 to further increase orders for the 767.

Thus the Japanese firms and Boeing are expected to reach agreement on the development of the stretched 767 at the coming negotiations.

CSO: 4300/030

## SCIENCE AND TECHNOLOGY

TR&DI TO REQUEST ¥9,000 M. FOR XT-4 IN FY 1984

Tokyo JPE AVIATION REPORT-WEEKLY in English 22 Jun 83 pp 8-9

[Text] The JDA's Technical R&D Institute (TR&DI) is expected to propose the JDA's internal bureaus to seek funds totaling ¥9,000 million in the FY 1984 budget request for the development of the XT-4 intermediate trainer for the ASDF.

The funds for three-year disbursement would be the final part of the total funds for the XT-4 development program, covering fabrication of the fourth flight test aircraft, the second ground test plane and six engines. The JDA's internal bureaus are certain to accept the proposal, incorporating the funds in the budget request to be presented in late August.

The XT-4 development program started with KHI serving as the prime contractor in FY 1981 when ¥1,587,992,000 was earmarked in the budget for basic design work. The TR&DI obtained ¥6,994,853,000 in FY 1982 for detailed design and other work and ¥28,052 million in FY 1983 for fabrication of three flight test aircraft, one ground test plane and 16 domestically-developed XF-3-30 small turbofan engines. If the ¥9,000 million is approved in FY 1984, total funds for the XT-4 program would reach ¥45,000 million.

The fabrication of the full-scale test aircraft and engines is to begin later in the current fiscal year after preliminary design work. The first of the four flight test aircraft is scheduled to make its maiden flight in late July 1985 before delivery to the TR&DI in December of the same year. Technical and practical tests by the TR&DI and the ASDF Air Proving Wing using the four flight test aircraft will be completed by December 1987. The first ground test aircraft will be delivered to the TR&DI by the end of FY 1983 for tests lasting until the end of FY 1986 to confirm fatigue resistance. The second one to confirm strength will be delivered in the second quarter of FY 1985 and tested until the end of FY 1987. Thus the XT-4 will be completely developed by the end of FY 1987 to replace the existing ASDF T-33A and T-1A/B intermediate trainers.

CSO: 4300/030

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July 27, 1983